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THE INDEPENDENT

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WEATHER: Very warm, thundery showers (IR 45p) 40p

IN THE TABLOID
BLAIR'S NEW PARTY ANIMALS

IN THE TABLOID
VITAMIN B6: A FOOD OR A DRUG?

IN THE TABLOID
THE LOST SECRET OF DI'S LAWYER

Now the mould is breaking

Anthony Bevins
Political Editor

Tony Blair took a historic step to a new, consensual style of British politics yesterday, inviting Paddy Ashdown and other Liberal Democrats to join him on a special Cabinet committee. Heralded by a leading historian as "big time", the decision could help the drive to proportional representation for Commons elections, which some senior politicians believe could crack a brittle Conservative Party.

One well-placed source told *The Independent* the innovation could form a chapter of its own in a future history on "The Strange Death of Conservative Britain".

While the new consultative Cabinet committee falls short of coalition or pact, it will give the Liberal Democrats a unique chance to make a formal, closed-door contribution to legislation across a broad range of policy. It is the more significant because Mr Blair has a Commons majority of 180.

Diehard traditionalists in both par-

John Prescott, the Deputy Prime Minister, or Gordon Brown, Chancellor of the Exchequer, would want to serve.

Robin Cook, the Foreign Secretary, helped to create a joint constitutional platform with the Liberal Democrats' Robert Mactennan before the election, and that programme will form an initial agenda for the new committee.

Peter Mandelson, Minister without Portfolio and Mr Blair's most trusted Whitehall leg-man, is also expected to be a member.

In a book he co-authored last year, *The Blair Revolution*, Mr Mandelson wrote: "A government with its sights on the long-term needs to have the broadest possible political base from which to obtain consent for change that will last, to overcome short-run unpopularity, and to govern in the national interest." That meant a lot of "hard thought" about relations with the Liberal Democrats.

Peter Hennessy, Professor of History at London University and an expert on Cabinet government, said last night: "This is big time. It is very significant. The creation of a Cabinet committee gives the relationship status and formality, and puts them on the inside track." It also suggested a more open, less command-control, leadership.

While Opposition leaders have been invited to attend Cabinet committees in the past, subjects for discussion have always been specific, as when Churchill and some senior Tories were invited by Attlee to attend a Cabinet committee on defence in 1949.

The form and style of the new committee is unprecedented in British politics.

Welsh rebellion

The Government faced its first serious backbench rebellion last night when Ron Davies, the Secretary of State for Wales, introduced the White Paper on Welsh devolution. The proposals would lead to an assembly with no tax-raising powers.

Anger at broken pledge, page 6

ties were last night hostile to the move, but Mr Ashdown said it could contribute towards a more "rational, mature and civilised style of politics... the real beginning of a different style from which we all benefit".

The decision ends a process of discussion that has been going on since before the election. It was raised by the Prime Minister at his first Cabinet meeting in May and discussions have been taking place between Mr Blair and Mr Ashdown ever since, including talks en route from the Hong Kong handover.

The fact that the secret was kept says much for the trust that exists between the two leaders. Mr Blair will chair the committee and there will be a "heavyweight" membership, though there was uncertainty last night as to whether

Although his office said last night that it was very much Mr Blair's own idea, it marks a personal triumph for Mr Ashdown, who has always sought a more consensual style.

But as he said yesterday, the two parties would maintain their distinct identities. Mr Ashdown pointed out that Malcolm Bruce, the Liberal Democrats' Treasury spokesman, had been attending a select committee hearing yesterday, in which he was repeating his attack on spending cuts.

To underline that message, Mr Bruce's office later issued a series of Commons replies showing that real terms health spending would be £66.59m between 1997-99 under Labour, compared with £66.59m under Kenneth Clarke's plans - a cut of £1m.

Andrew Marr, page 15



Memorial: The Princess of Wales, Elton John and (right) his partner, David Furnish, at the service for Versace in Milan yesterday Photographs: Luca Bruno/AP

No safety pins: just lace and tears

by Andrew Gumbel



Family prayers: Gianni Versace's sister, Donatella, in the Duomo yesterday

For the few, genuine friends of Gianni Versace, it was a moment of profound emotion played out as discreetly as possible away from the hordes of photographers and television crews.

For the hordes of invitees who flocked to the Duomo in the centre of Milan for yesterday's memorial service, not to mention the crowds of bystanders who pressed against the security fences in eager anticipation, it looked like just another fashion show, a great excuse for celebrity-spotting under a blazing Italian sun.

Was it true that Madonna had booked a room at the Four Seasons next to Princess Diana? Was Tina Turner really going to start jamming with Sting and Elton John? And - the most pressing question of all - what was everybody going to wear? It was hard to tell if Milan, capital of Italian style, was in mourning or had merely transformed itself into a giant film set. The "close friends" invited to the service in the Duomo - around 400, all told, most of them fashion industry contacts rather than personal acquaintances - received hastily-printed invitations with numbers scrawled on the back and finely calligraphed writing on the envelope, just as they might to a last-minute Versace show. Every arrangement, from the guest list to the designer-studded dinner arranged at the Via del Gesù, was kept a mystery until the last minute.

No doubt, security was the main concern, but it gave the whole day an air of surreal improvisation - rather like the artistic genius that drove Gianni Versace himself as he flitted on the very borders of bad taste with his spring and autumn collections.

The genuine mourners looked for once as though stardom was a burden they could do without. Naomi Campbell, the lithe frame on whom Versace hung his creations at show after show, could barely walk from her car to the family mansion. Once inside, she was shepherded away by Santo and Donatella, Gianni's brother and sister, and did not re-emerge until it was time to head for the Duomo.

Elton John, accompanied by his companion, David Furnish, stood for a full 15 minutes in front of the altar set up for his murdered friend before breaking down. He was later comforted in the cathedral by Diana, Princess of Wales, when

he again broke down in tears.

Away from the autograph hunters, the paparazzi, the security guards, the public relations minders, the police and the simply curious, the room where Gianni Versace's ashes were on display was a real haven of peace. The golden box containing the ashes was displayed on a lace cover along with a golden crucifix and a copy of Versace's book, *Do Not Disturb*, featuring Helmut Newton's famous black-and-white photograph of the designer on the cover.

Outside, the gossip was all centred on the obvious - the clothes. Naomi Campbell had

been wearing a simple black dress: Princess Diana, who flew in on Elton John's plane from Cannes, was in a knee-length dark suit and pearls. But this was not an occasion for flashiness, and anyone hoping for a reprise of Liz Hurley's infamous safety pin dress were to be disappointed.

The memorial service, presided by the dean of Milan's Duomo, Angelo Maio, attempted to bring home the religious significance of Gianni Versace's violent death. But with the crowds surging at the doors, and the congregation stuffed with the most unlikely of church-goers, it was only a brief moment of reflection before the cameras started rolling and the flashes started popping all over again.

Unionists set to reject terms for peace talks

David McKitterick
Ireland Correspondent
Colin Brown
Chief Political Correspondent

Amid signs of divided opinions within the Protestant population, the three main Unionist parties are today expected to reject the terms for wide-ranging talks laid down by the British and Irish governments.

It became clear yesterday in a brief, ten-minute telephone call from Mr Blair to David Trimble, the Ulster Unionist leader, in Belfast that the Ulster Unionists would vote down the plans but they would not walk away from the peace process.

Mr Trimble said: "The fact that we had a difficulty and not that the target date is no excuse for people to walk away from the process."

That was in marked contrast

to Ian Paisley, leader of the hard-line Democratic Unionist Party, who emerged from a meeting with Mr Blair at Downing Street declaring the peace document "dead" and accusing the Government of an "Isacart act of betrayal" over its plans for disarming the IRA.

Although the result will be seen as a setback for the peace process, the Government yesterday made clear its determination that negotiations on Northern Ireland's future should nonetheless open as scheduled on 15 September.

The exact format of those talks is not however clear. Rejection of the two governments' joint position on de-commissioning will pose important technical and philosophical questions in that the multi-party talks, as presently structured, are supposed to rely on "sufficient consensus" within both

communities to proceed. Since the three rejectionist parties led by Mr Trimble, Mr Paisley and Robert McCartney together won 89 per cent of the Unionist vote in last year's pre-talks elections, there will clearly be no basis for arguing that there is Unionist agreement for the present talks come up with.

This means that the Government will have to come up with a new formula for talks in readiness for the 15 September starting date. In doing so it will be mindful of indications that the state of Protestant opinion may not be accurately reflected in the electoral arithmetic.

Mr Paisley's withdrawal was attacked by David Ervine, of the Progressive Unionist party, which has paramilitary associations. He exclaimed: "These people are running away when they're most needed."

Isaacs gets long run for his money at the opera

David Lister
Arts News Editor

Sir Jeremy Isaacs, who left his post as general director of the Royal Opera House in January, is still being paid his £120,000 a year salary out of public funds.

A monthly salary cheque of around £10,000 will continue to be paid to Sir Jeremy until September under the terms of his



In receipt: Sir Jeremy Isaacs

contract with the opera house.

The payments to Sir Jeremy are certain to be raised tomorrow by MPs when they quiz him at a select committee investigating the Royal Opera House.

Ironically, Sir Jeremy's successor, Genia Molento, who departed in May due to ill health, after five months in the post, is being paid her salary for her three-month notice period. So the Royal Opera House is paying two heads of the institution, neither of whom is in post.

To add to the irony, Mary Allen, who was appointed to take over from Ms McIntosh as chief executive in June, is not being paid anything. She has been advised by Lord Chadlington, chairman of the opera house board, not to start drawing salary until September as a suitable gap had to pass between her starting at the opera house and leaving her position as secretary gener-

al of the Arts Council, which gave the opera house £78m of National Lottery money.

Since January Sir Jeremy has formed his own television production company and has been employed by Ted Turner, the American television millionaire, to make a series on the Cold War. Mr Turner has also paid Sir Jeremy a fee for his work, also understood to be well over £100,000.

All Royal Opera House contracts have now been changed by Lord Chadlington so that no one can again receive salary nearly nine months after they have left. Sir Jeremy's was the last of the fixed term contracts.

Sir Jeremy said last night: "I had a contract until the end of September and it is being paid out. If you pay a chap out and bring someone else in then there's bound to be an overlap."

Leading article, page 13

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Doctors backed
Doctors were right to deny a liver transplant to a girl of 15 who had taken the drug ecstasy, a judge ruled. Her relatives said the decision was moral, not medical. Page 3

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NEWSPAPERS SUPPORT RECYCLING

Recycled paper made up 43.6% of the raw material for UK newspapers in the first half of 1996

David Lister

Doctors right to deny girl a transplant



Michelle Paul: Took ecstasy

Jeremy Laurence
Health Editor

Doctors were right to deny a liver transplant to a 15-year-old girl who had taken the drug ecstasy, a judge ruled yesterday. But Michelle Paul's life might have been saved if she had been given an early test for liver failure.

Giving judgment after an eight-day fatal accident inquiry in Aberdeen, Sheriff Graeme Warner said that doctors at the Edinburgh Royal Infirmary's

liver unit made their decision not to transplant Michelle on medical, not moral, grounds despite claims by the girl's mother and grandmother that she had been rejected because of a family background of drug abuse.

But Sheriff Warner criticised doctors at Aberdeen Royal Infirmary, where Michelle was first admitted, for failing to carry out the routine liver-function test. She was transferred to the Edinburgh unit only when her condition deteriorated and it be-

came obvious she was suffering from liver failure. By then it was too late for a transplant and she died on 27 November 1995 - 23 days after taking half a tablet of ecstasy at a rave near her home.

The case aroused controversy over the grounds on which patients are selected for liver transplant after Michelle's grandmother, Margaret Pirie, compared her grand-daughter's experience with that of the former Rangers and England football player, Jim Baxter, a re-

formed alcoholic who has had two liver transplants. She said doctors had told her the decision had been made on moral grounds because Michelle's mother and sister were drug users and Michelle herself had said she was taking ecstasy.

But Sheriff Warner said Mrs Pirie and Michelle's mother, Carolann, were "simply wrong" in their recollection that doctors had told them the transplant was

being refused on moral grounds. He said the case showed how memory could be distorted under stress, saying: "This was perhaps the greatest emotional upset they will ever experience".

Dr Hilary Sanfey, head of the Edinburgh unit at the time of Michelle's death who now works in the United States, told the court Michelle had suffered irreversible brain damage and a transplant, costing £60,000, would not have been appropriate on medical grounds. But

she acknowledged under questioning that behavioural problems had to be taken into account when considering which patients were suitable for transplant. Her decision was challenged by Professor Roger Williams, head of the liver unit at King's College hospital, London, who said the pupils of Michelle's eyes were still reacting on the day before she died, indicating that she had not suffered irreversible brain damage. He said "moralistic inter-

pretations" that appeared to have underlain Dr Sanfey's opinion were "not acceptable for a life-or-death decision on a young person".

The judgment calls for the formation of an expert gathering of the medical profession to discuss the selection of patients for organ transplantation and the drawing up of a code of practice for all transplant centres. It says an inquiry should be held at Aberdeen Royal Infirmary to ensure routine tests are carried out.

Canny kids splash out on food, drink and fashion with £8 in their pocket

Glenda Cooper
Social Affairs Correspondent

Pocket money today is a lucrative affair, with British children spending on average £8.40 a week on food, toys and clothes, according to the first official investigation into how they handle their cash.

The biggest spending was on food, which included sweets, crisps, soft drinks, icecream and school meals which the child bought - accounting for on average £3.20 a week. Next down were leisure goods - toys, CDs and sports goods - which cost £1.60 a week. The third

How they spend it		
	Boys	Girls
Food/soft drinks	3.20	3.10
Leisure goods	2.10	1.10
Clothing	0.70	1.50
Leisure services	0.90	0.70
Household goods	0.50	0.60
Personal goods	0.20	0.60
Transport	0.40	0.40
Other	0.30	0.30
TOTAL	8.40	8.50

most popular items including children to part with their cash was clothing and shoes.

Other items popular with children included spending money on participating in sport, pets, make-up and fares to school. Thirty pence a week was also spent on "other items", defined as alcohol, tobacco, stamps and subscriptions.

For the first time data on children's spending habits has been collected as part of the Family Expenditure Survey, in which all spending by children was covered.

The children - more than 2,000 in total - were asked to keep diaries of their daily ex-

penditure over a two-week period and the figures were derived from this data.

Older children spent far more than younger ones, with 15-year-olds spending on average more than four times as much as seven- and eight-year-olds. They also spent their money differently, with clothes becoming a higher priority for fashion-conscious teenagers while seven- to 12-year-olds preferred to buy toys or spend their cash on admission charges.

While boys and girls spent the same money overall, they spent it differently. Boys spent most of their money on food, leisure goods and leisure services. While girls spent almost the same amount on food, they spent twice as much per week on clothing and footwear.

Girls also spent four times as much on personal goods and services - including toiletries, make-up and jewellery - averaging around 80p per week. Boys in comparison would only part with 20p.

Some items were bought more often than others - while more than nine out of 10 children bought food, but only 13 per cent bought clothes and footwear.

So those who bought such items were spending on average £8.70 a week. Similarly, children who bought household goods spent on average £1.40 a week.

Alison Whitmarsh, a statistician, said: "The actual amount of money passing through children's hands was very interesting. I'm sure I never spent £8.40 a week when I was a child, but then we're not aware of any comparable surveys, so it is hard to say."



Liquid assets: Pocket money is now big business, a survey shows, with the nation's children splashing out an average of £3.20 a week on food Photograph: Andrew Burman

'Having money makes you feel independent'

Young journalists from *Children's Express* show that exercising their spending power goes far beyond the local sweet shop.

"Money makes you feel independent even if you are not," explained Aminah Carter, 13. "When you're out shopping and you've got the money in your hands and you're by yourself, you feel independent."

The importance of managing your own money was clearly recognised, and despite advertisers' attempts to tap the youth market, all the children were wary of their influence. "I don't

buy things just for the hell of it. My money goes on day-to-day living, nothing extravagant," Moynul Mustafa, 15, said. And Moimatz Begum Hossain, 16, said: "I have got a bank account - but I only joined so I could get a free gift."

The junior world is divided between those who subsist on parental pocket money and those who help earn their keep. "If you go into the real world and get yourself a job, that's when you're going to prove you're independent... If you're not hard working, it's not actually your

own money," Denis Shukur, 15, said. He acknowledged the attendant responsibilities. "If parents see a child isn't reliable, he or she shouldn't get their own money. They might go out and buy things like drugs."

As they grow up, many believe that getting a part-time job is a valuable step towards greater responsibility. "I work to pay my mobile phone bill and my share of the phone bill at home. It's fair because I can't expect my mum to do everything for me now," teenager Julia Press said. Daniel Blackwood, 15, agreed: "It's right that once you reach a certain age you should earn it yourself."

Where parents are the main source of income, attitudes were mixed. For Mehak Golestan, 13, financial handouts come complete with trust. "If I ask for extra money, she wants to know what it's for. But she wouldn't say, 'Oh, I don't think that's good, I'm not going to give you money for it' because she respects me."

Yet for Moimatz Begum Hossain, shopping sprees quickly turn into show-and-tell. "Every time my mum gives me money, she wants to know what I've bought with it. Then she wants to see it, which is even worse."

Some welcomed greater involvement from their parents - usually mothers. "I don't get pocket money every day," explained Mehak. "I tell my mum to keep my money for me because I know if I have it, I'll just use it for things I'll regret later such as silly magazines."

Nicola Smart, 13, prefers to use banking facilities to control cash flow. Children appear adept at making their income stretch.

While Moimatz hoards concessionary vouchers for the cinema and scours markets for bargains, Mehak shops for records at the beginning of the week "when singles are 99p", and Stuart strikes a deal with his mother, putting "sometimes £10 towards a really expensive shirt." □ *Children's Express* is a programme of learning through journalism for children aged 8-18. This discussion was led by editor Moimatz Begum Hossain, 16, with the help of editors Moimatz Mustafa, 15, Natasha Masiah, 14, and Sophie Lam, 17, and reporter Fungwa Chipatwa, 10.

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Janet Hodgkins, Barnet

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EU condones cruel fur traps

Katherine Butler
Brussels
and Jojo Moyes

Britain last night attacked its European Union partners for putting trade before animal welfare by approving a deal which allows imports of fur from animals caught in cruel leghold traps.

Mr Cook said the agreement with Canada and Russia on so-called humane trapping standards did not go far enough. He said Britain would try to overturn the deal during its presidency of the EU next year and, failing that, would try to blunt its impact with labelling rules to alert consumers.

The deal bans fur imports from animals caught in the cruelest steel-jawed traps, but gives Canada and Russia three years to meet agreed humane standards for padded leghold and so-called "drowning" traps.

British officials said a major loophole in the agreement will allow even steel jawed leghold traps to be used indefinitely if no alternatives are available to trappers. "This could have the effect of giving some legholds traps an international seal of approval."

A spokeswoman for the RSPCA said last night that it was "very angry and very disappointed" at the news. "Leg hold traps are banned in more than 60 countries world-wide because they're so cruel and yet the EU cannot ban their use or

the import of products because of free trade. We're absolutely disgusted," she said. "Ministers shouldn't have given in to free trade agreements, but made a stand for animal welfare."

The RSPCA, however, pointed to the "uneasy relationship" between international trade rules and raising animal welfare standards. Such trade agreements, it says, have already caused the EU to weaken its four-year-old legislation designed to prohibit the use of animals in cosmetics tests.

But the EU trade commis-

sioner, Sir Leon Brittan, welcomed the deal which aims to end years of antagonism between the EU on the one hand, and Russia and Canada - the world's biggest fur exporters - on the other. They would both be forced to phase out the cruelest trapping methods or face sanctions.

He said: "This will work better than any import ban because it tackles the problems at source - by improving the trap itself rather than at Europe's borders when it is too late." He added that a fur import ban, which was

supposed to have come into effect last year, but was overturned pending negotiations on humane standards, would be vulnerable to attack in the World Trade Organisation.

EU governments have been condemned repeatedly by the European Parliament and animal welfare groups for failing to implement the ban.

Britain has long been in conflict with Canada and the United States over its commitment to ban the import into Europe of furs from animals caught with steel-jawed leghold traps.



All at sea: Prisoners aboard HMP Weare, afloat in Portland Harbour, Dorset, are keen to get cells which have sea views

Photographs: John Voss

A life on the ocean wave: comfy berths, sea breezes. Pity about the warders

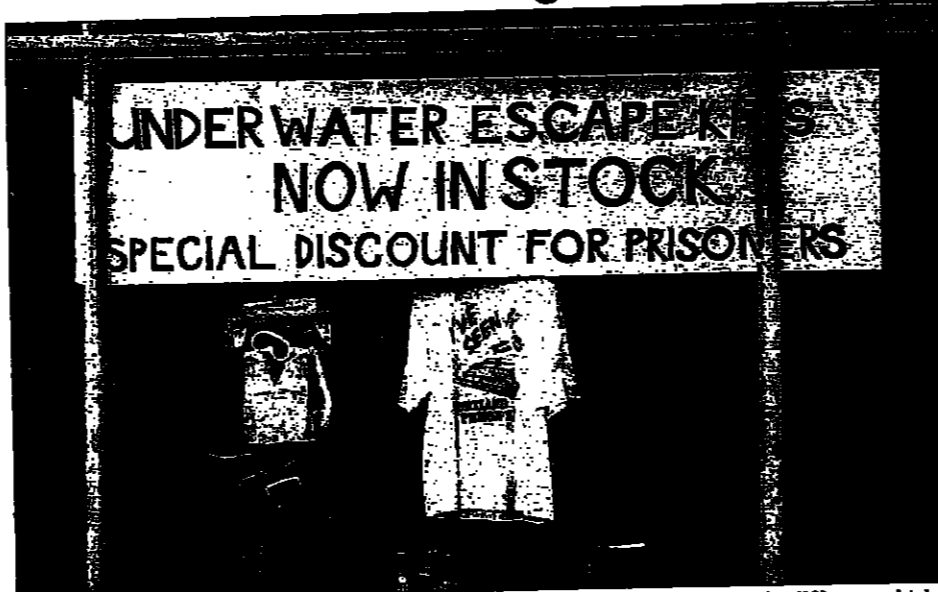
Jason Bennetto
Crime Correspondent

As prison cells go, they must be the ultimate in rooms with a view.

On one side is the golden swathe of Chesil Beach, to the front the bobbing boats on Weymouth Harbour and to the right the open sea with the white cliffs of the Purbeck Hills in the distance.

The only thing to mar the prospect are the unsightly metal bars. The views belong to a select number of cells in the Prison Service's newly acquired floating jail in Portland Harbour, Dorset.

Indeed those that enjoy such an outlook have become highly sought-after by the 63 low-risk inmates who have arrived at the jail so far. "I'm trying to get a seaview cell," enthused Anthony Bedford, 24, from Devon who is serving 12 months for theft. The world's media - from the United States, France and Brazil - were yesterday invited aboard HMP Weare for a guided tour. After facing strong opposition from Weymouth Council and a faulty sprinkler system which has forced two



evacuations, the prison is up and running.

Jail officials believe the £12 million spent on bringing the ship over from New York has been money well spent.

From the outside the five-storey vessel looks like a floating warehouse, something an unimaginative six-year-old might build out of grey Lego

blocks. After passing through five security checks, all surrounded by 20 foot fences topped with razor wire, the posse of reporters and cameramen were led over the gangplank on to the prison ship.

Staying on the Weare is rather like being sentenced to a never-ending trip on the lower decks of a cross-channel fer-

ry. The main difference is that some spoilsport has whipped out the duty free shop, cressant bar, and newsagents, and then painted all the walls magenta and fitted faux-coloured linoleum on a ferry, except they are bigger and better equipped.

The jail has 200 two-man cells, measuring about nine feet

by 16 feet with 50 rooms on five landings. Each has two bunk beds, and an en suite bathroom, with a shower, toilet and sink. They are air conditioned because the reinforced windows are sealed.

There is a glass window, rather like the displays at reptile houses in zoos. Bars are only placed on cells that have sea-

views - half the rooms are in the centre of the ship and face inwards.

Facilities on board include a gym, recreation areas and a caged yard on top of the vessel. But despite these areas it is going to be difficult to keep up to 400 inmates.

Michael Burrows, 34, serving twelve months for theft, said: "Normally you can't wait to get out of the cell but here you can't wait to get in."

Richard Tilt, the Prison Service Director General, said yesterday that he'd been forced to use the jail to help ease the prison overcrowding which has reached a record 62,200.

He said it could top 70,000 by next spring and revealed that officials were considering Victorian psychiatric hospitals as makeshift jails.

The prison ship brought some surprise spin-offs.

The Portland Oceanseering diving shop is doing a brisk trade in £8 T-shirts with the slogan "I've seen Portland Prison Ship". For £14 more the shop offers a mask and flippers under the sign "Underwater escape kit - special discounts for prisoners."

DAILY POEM

Cicadas in Japan

By Anthony Thwaite

Hearn heard them, and thought them magical,
Tried to distinguish
The multiple trills and screechings, different
From cicadas in Italy or Provence.
Shrill carapace of shellac, trembling membranes
Summing glum cacophonies.

And they are indeed alien, their quavers
Underline again
And yet again how different they, and we, are -
Like the nightingale that is not a nightingale,
The crow that will never be a crow,
Though sweet, though raucous.

And yet, in the swelter of summer, in a thick sweat,
Why not different?
They go with the twilight, the night, the day, the dawn
Coming again in shrill loudspeaker vans
Announcing news I cannot understand,
Speaking in tongues, wheezing out miracles.

Anthony Thwaite's experience of teaching in Japan is reflected in his 1987 collection *Letter from Tokyo*, the source of this poem. "Cicadas in Japan" now appears in his *Selected Poems 1956-1996*, just published (price £8.95) by Enitharmon Press at 36 St George's Avenue, London N7 0HD

Abortions rise by 8 per cent after contraceptive pill scare

Glenda Cooper
Social Affairs Correspondent

The number of abortions rose last year - the first increase in five years - following the 1995 contraceptive pill scare.

Family planning experts called for a review of contraceptive services saying that the consequences of the pill scare had been exacerbated by the poor state of family planning services.

In 1996, 177,225 abortions were carried out in England and Wales, a rise of more than 13,500, or 8.3 per cent on 1995, according to the Office for National Statistics. The largest increase was among NHS patients (11.5 per cent) rather than privately funded abortions (1.5 per cent).

The overall abortion rate for women resident in England and Wales was 13 abortions per 1000 women aged 14-49 compared to the mid-1995 rate of 12.

The pill scare in October 1995 followed a government warning that the newer "third generation" pills carried a small but increased risk of causing blood clots. Ministers and the Committee on the Safety of Medicines were attacked by doctors over the warning and the way it was put out, with some doctors hearing about it from the media and unable to counsel or advise their patients.

Women inundated helplines, surgeries and family planning clinics to try to get more information with many simply stopping taking their contraception.

Anne Weyman, chief executive of the Family Planning Association, said: "This is the first annual increase after five years of falling figures. We are very concerned about this rise. Although the pill scare is a contributing factor it cannot be held solely to blame."

She said there should be an urgent review of current family planning services to determine whether they are meeting women's demands. "An increase after years of falling rates shows that many women are not getting the help and support they need in this area."

Nuala Scarisbrick, a trustee of the pro-life charity Life, said: "The surge in teenage abortion must be due above all to the 'value-free' sex education and the

pernicious influence of the media to which the young are exposed and which undoubtedly encourage them to be sexually active. When will the Government see that we have got it badly wrong and admit that the condom culture increases the amount of teenage pregnancy and abortion, as well as sexually transmitted diseases?"

Brendan Gerard, of the Society for the Protection of Unborn Children, said: "Public reaction to abortion cases over the past year indicates that more people than ever are disturbed by the widespread practice of abortion virtually on demand."

Legal abortions in England and Wales in 1996, ONS Monitor AB97/4 ONS, 24

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Keeping an eye on the time: Dr George Daniels inspecting his invention, the co-axial escapement, which, as the first new practical watch escapement for 250 years, will be taken up next spring by the Swiss watch industry
Photograph: Kalpesh Lathigra

Heathrow plan hit by block on M25 widening

Randeep Ramesh
Transport Correspondent

The decision by John Prescott, the Deputy Prime Minister, to defer judgement on the controversial £85m widening of the M25 motorway could wreck the timetable for the proposed Terminal 5 at Heathrow airport.

Although officially neither the Government or BAA, the company that owns Heathrow, will admit that T5, as the new terminal is known, is linked to the road scheme, civil servants at the public inquiry into the terminal have stated that no other option exists.

Thomas Dockerty, a Highways Agency official, told Roy Vandermere QC, the inquiry's inspector, earlier this month that "although T5 is not the cause of the M25 widening, or related to it, nevertheless T5 depends upon it".

assessed their traffic forecasts. The first phase of the new terminal is to be completed by 2003.

Mr Dockerty yesterday said that the Highways Agency was not considering any other alternative schemes. "If there was a decision not to widen the M25, we would have to go back to the drawing board. The Highways Agency has no contingency proposals at the moment."

When asked what would happen should the M25 road scheme be dropped, Mr Dockerty said: "Clearly we have said that we are not keen to connect to the existing motorway network. We believe that under the current system we could not marshal the volume of traffic."

Donald Anderson, BAA's senior planner on T5, said that the company had not considered an alternative road link and said that if the M25 proposals were deferred it would "not be easy to carry on".

who had given the scheme the green light.

The Deputy Prime Minister has also let it be known that he considers the Department of Transport to be in grip of the roads lobby. Mr Prescott told a industry conference two years ago that the Conservative administration was moving to Labour's position of "cancelling the M25's widening".

It remains unclear whether further work will uncover new alternatives to the road scheme. Proponents of T5 hope that at worst the decision will be put off until next year.

Despite reaching decisions on most of the 12 projects under the Government's "accelerated review" programme, transport ministers have found themselves under attack from environmentalists. It emerged yesterday the decision concerning another project – the A2M2 junction improvement – might also be deferred as work on the stretch of road does not need to start until next year.

The Department of Transport stressed that the final decision had not been taken and an announcement on the M25 and 11 other schemes would come "before the end of the month."

DNA clears man of murder 23 years later

Charles Arthur
Science Editor

DNA testing has proved the innocence of a Canadian man who spent almost 23 years in jail after being wrongly convicted of the rape and murder of a female nursing assistant in 1969. The test results, announced yesterday, were carried out by British forensic scientists. It is the oldest DNA evidence used to clear a crime, and may even be used in a new conviction: the samples have been found to match those of another man with a record of sexual offences.

The evidence came from a notorious miscarriage of justice in the province of Saskatchewan, where the body of Gail Miller was found dead in a snowbank in

Saskatoon on 31 January 1969. A year later, David Milgaard, then 17, was convicted of the crime and sentenced to life imprisonment. He always protested his innocence, attempted suicide three times while in jail, escaped twice, and was never given parole because he refused to say he was guilty. He was released in 1992.

On Friday, the Saskatchewan minister of Justice, John Nilson, said "There is no doubt that this wrongful conviction will require compensation. We owe him and his family the most heartfelt apology."

new tests were brought to the Forensic Science Service Laboratory in Wetherby, West Yorkshire. The tests were completed last Friday and the news immediately relayed to Mr Milgaard's lawyers.

Dr Dave Werrett, FSS director of DNA services, said: "We were able to detect semen, and take enough of it to get a DNA sample, which we then subjected to the test systems routinely used in the UK by the FSS."

Warning: Children are bad for you

Glenda Cooper
Social Affairs Correspondent

Having children can raise the stress levels of working women to such an extent that their health is at risk, according to new research.

Family size makes no difference – looking after one child is enough to push stressed mothers to the edge.

Researchers from Duke University in North Carolina found that mothers had a higher risk of heart attack and other health

problems than working women without children.

The team, whose findings appear in the journal *Psychosomatic Medicine*, studied 109 women working in clerical and service jobs and measured the stress-related hormones in their urine over two days. Hormone levels were correlated with factors such as whether the women were single or married and how many children they had.

The study, funded by the National Heart, Lung and Blood Institute, found that stress hor-

mones, such as cortisol which is thought to suppress the immune system if it remains high, rose each morning and stayed high all day. While job strain was about the same in all women, working mothers suffered significantly more strain at home. Dr Redford Williams, chief of behavioural medicine at Duke, said: "The good news would be that working mothers' stress levels don't go up with the number of children in the home. The bad news is it only takes one to boost that stress level."

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politics

Devolution for Wales: Government faces first serious backbench rebellion as White Paper is unveiled

Anger at broken pledge on quangos

Fran Abrams
Political Correspondent

Welsh devolution last night provided the Government with its first serious backbench rebellion. Ron Davies, Secretary of State for Wales, was forced to rebut opposition from several members of his own party as he introduced a White Paper on his proposals.

Labour MPs claimed that promises of a "bonfire of the quangos" had not been fulfilled. The White Paper says the number of executive bodies will be reduced from 19 to 14 and that one of the biggest, the Welsh Development Agency, will grow even larger as it absorbs two smaller bodies.

Llew Smith, the MP for Blaenau Gwent who complained that Mr Davies had tried to bully him into submission on the issue, was also among half a dozen Labour objects who spoke out yesterday. "The Secretary of State said he intended to scrap the quango state in Wales and he has obviously failed dismally to do that," he said.

There were also objections from some Labour members to the proposal that the new 60-member assembly should be elected partly through proportional representation. Sir Ray Powell, the MP for Ogmore, told Mr Davies that he would vote against the measure if PR was not dropped.

Alan Williams, the Swansea West MP, said the Government had failed to spell out how the new Welsh assembly would be allowed to develop in future. Mr Davies was offering the Welsh people "the constitutional equivalent of a mystery tour," he said. "They can decide whether to go

on the bus or not, but they have no idea of its destination."

Mr Davies is looking at about six buildings in Cardiff as possible homes for the new assembly, where the English and Welsh languages will be given equal status. If the referendum results in a "yes" vote, the £7bn annual budget for Wales which he now controls will be handed over to the new body. The assembly will cost between £12m and £17m to set up and will involve additional running costs of between £15m and £20m per year.

Although the body will not have tax-raising powers it will have responsibility for education, health, training, agriculture, transport, industry and the environment. The Tories claimed yesterday that although it would not be able to interfere with local authorities it could divert their budgets elsewhere and force them to put up council taxes.

The new assembly will not be able to pass primary legislation, but will be able to decide on secondary measures, such as the content of the school curriculum. Mr Davies' role will be reduced to that of co-ordinator between Westminster and Cardiff, representing the new assembly at Cabinet meetings and attending its meetings to explain government policy.

Two-thirds of the assembly members will be appointed on a first-past-the-post system, with one sitting for each of 40 existing Westminster constituencies. The other 20 would be picked from party lists and would be allocated on according to the percentage of the vote that a particular party gained in each region of Wales.

The English should vote too, page 14



Keeping cool: William Hague enjoying Frank's Welsh ice cream at the Royal Welsh Show where he took his anti-devolution message yesterday

Commons takes on Welsh lilt as Hague becomes star of the agricultural show

Tony Heath

When Ron Davies, the Secretary of State for Wales, stood up in the Commons yesterday afternoon to unveil the Government's devolution plans, William Hague, the Tory party leader, was in the agricultural show 150 miles away.

As the leader of the Opposition's only Cabinet experience was as Secretary of State for Wales in the Major government, the choice of his old stamping ground on such an historic occasion seemed appropriate.

For most of the day, he was swallowed up in the 40,000 crowd at the Royal Welsh Show at Builth Wells. Mr Hague said: "The White Paper is entitled *A Voice For Wales*, but it should be *A Last Voice For Wales*."

Perspiring slightly in soaring temperatures, he signed an anti-devolution petition launched this week by the "Just Say No" campaign which is backed by Sir Julian Hodge, a millionaire resident in the tax haven of Jersey.

Asked whether people living outside Wales would be en-

couraged to sign up, Mr Hague replied: "Why not? It's a UK matter." Presumably Channel Island residents are welcome. Not to be outdone, his minder for the day, the former MP Sebastian Coe, added his signature.

Earlier the Opposition leader toured the show, stopping to admire prize cattle and sampling Welsh wine. He wisely refrained from observing the Royal Welsh pole climbing competition, one of the many fringe events that enliven the show.

Many show-goers preferred to concentrate on the livestock and machinery spread over the showground's broad acres, but the devolution issue sparked some interest.

"The Tories have ruled Wales from London for so long that there is now a ground swell for an elected assembly," said Derek Hills, a retired assistant

director of education from Hertfordshire now living in the heart of Wales.

Farmers, traditionally cautious and pragmatic, were weighing the issue as carefully as they weigh their livestock. John Williams, who runs 1,000 sheep at Dyffryn Ardudwy near Barmouth on the Cardigan Bay coast, is content. "I'm happy with the way things are. Cardiff, where the assembly would be, is too far away for us up in North Wales," he said.

A year ago, Eifion Morgan quit farming and today rents out his land and lets holiday accommodation to city dwellers escaping to the peace of the Usk Valley outside Brecon.

"An assembly's got to be good for everyone in Wales. Westminster is too far away to understand our problems and needs," he said. That senti-

ment was echoed by Meurig Vayle, one of the Welsh farming industry's most colourful characters. A retired Farmers' Union of Wales official, he tours agricultural shows with evangelical zeal.

"Of course, we need an assembly. Farmers can only benefit - I remember that often English farmers got their ministry cheques days and days before we got ours in Wales. An assembly will sort out that sort of thing," he said.

Before entering Parliament at a by-election in 1985, Richard Livesey, Liberal Democrat MP for Brecon and Radnorshire, was himself a farmer. He declared: "The Tories are burying their heads in the sand. They're simply recycling opinions that were roundly rejected in every part of Wales on 1 May."

Critics learn bitter lesson of history

Fran Abrams
Political Correspondent

If a week is a long time in politics, 18 years is a veritable aeon. The Secretary of State for Wales was forced to admit yesterday, for Ron Davies, now charged with piloting Welsh devolution through the Commons, was one of its strongest critics in the 1970s.

"I have learned a very bitter lesson since 1979, that rule by the people of Wales... is a far better prospect for our people than rule by Conservative secretaries of state who represent no one other than their own vested interests," he told the House of Commons.

Ironically, Mr Davies' reversal was pointed out yesterday by Sir Ray Powell, the member for Ogmore. In the 1970s, Sir Ray was a strong supporter of devolution but today he opposes it because he is against proportional representation.

Although this government will face a backbench rebellion over its proposals, Mr Davies knows that the trouble ahead will be a mere ripple in comparison to the storm faced by James Callaghan's government over the same issue.

The then Prime Minister had to endure a brilliant campaign of opposition led by a bright young MP named Neil Kinnock. Mr Kinnock's campaign was so successful that 80 per cent of the Welsh people voted against the idea, and as a result the government fell.

Things have changed since then. Yesterday even Mr Kinnock's former constituency, Islwyn, had swung round to support the Government's proposal. Tony Williams, the local agent who underlined its opposition to devolution as recently as two years ago, is now running the campaign for a "yes" vote in the area.

Although support for devolution is still not as strong in Wales as it is in Scotland, opinion polls indicate that the referendum result on 18 September will be in favour of the change.

Britain near to deal on cleaning up abattoirs

Katherine Butler
Brussels

Jack Cunningham, the Minister of Agriculture, was poised to secure a deal last night, forcing Britain's EU partners to meet tougher meat safety standards. But he warned that he would press ahead with a ban on sales of Continental beef and lamb from countries which refuse to clean up their abattoirs.

Seven of the 15 EU agriculture ministers were holding out against the new rules as talks continued last night, but eight are needed to block the European Commission from forcing the measures through. Portugal and Finland were considering siding with the UK, pending assurances that implementation of the rules would be delayed a month. With their backing, Britain can be assured the deal

will go through. Opposing governments, led by Germany and Austria, meanwhile continued to resist the extension Europe-wide of British rules which would require the removal and destruction of cattle and sheep offal which could harbour BSE, or its sheep equivalent, scrapie.

Brains, eyes, tonsils and spinal cord have to be cut out and destroyed at the point of slaughter in Britain, but only a handful of other member states impose such standards. Ireland and France, which together account for most of Britain's beef imports are among those who do.

Angered partly by Britain's failure to police its own beef export ban, and by what they see as London's bid to "turn the tables" on Europe, some governments argued that the offal ban was unnecessary because of

the low incidence of BSE and scrapie in their herds.

The cost of overhauling slaughterhouses would be disproportionate to any potential health risk, they claimed.

Mr Cunningham said that whatever the outcome of the vote in Brussels, British consumers would benefit from increased protection. "Whatever happens, British people will be protected because if there is no agreement here I will introduce orders in the House of Commons ensuring that beef coming into Britain will be subject to the same rigorous safeguards as British beef."

He defended the threat as "consistent with our determination to put public health at the top of our agenda". Mr Cunningham said that the offal ban was unnecessary because of

transmitting BSE infection than ordinary meat, could be cut out "at source" or in designated plants in the UK after import. It is extremely unlikely that importers or supermarket chains would want to bear the extra cost however.

The effect of Mr Cunningham's order therefore would be to ban meat from plants which refuse to voluntarily upgrade their premises.

Franz Fischler, the EU Agriculture Commissioner, urged ministers to back the measures on the basis that their controls have been shown to be alarmingly lax and that therefore they cannot reliably claim to be BSE or scrapie-free. Even if the incidence of the disease is much lower outside the UK, the rules of the single market require uniform slaughtering standards, he said.

Minister pledges independence of new food standards agency

Glenda Cooper
Consumer Affairs Correspondent

The new Food Standards Agency must be consumer-driven, independent, and accountable, David Clark, the Chancellor of the Duchy of Lancaster, said yesterday.

Speaking to the National Food Alliance in London, Dr Clark said that there would be an announcement on the consultation so far in the next two weeks, and that the Government would be publishing proposals in a White Paper in the autumn, and produce a draft Bill in the spring of 1998.

"Confidence in the safety of the food we eat was severely un-

dermined in recent years," he said. "The £4 billion BSE crisis and the E. coli outbreaks which resulted in such tragic loss of life have made unanswerable the case for a rigorously independent, open and effective Food Standards Agency."

So far there had been 642 responses to the report of Professor Philip James, who looked at the possibility of setting up an agency.

"Protection of public health is the essential aim of the agency we are setting up," said Dr Clark.

The importance of the issue to every man, woman, and child in Britain.

Principles behind the agency would include open and transparent processes, protection of public health and clear and consistent action.

"The Food Standards Agency must act - and be seen to act - in the interests of consumers. That is why I want the workings of the agency to be open and clear, with action and advice based on sound science and risk analysis."

He said that it was necessary for the agency to adopt an integrated approach to food issues: "The agency should reflect the variety of interests involved

in food but remain independent of sectoral interests. Its proposed commission will not be made up of self-interested delegates pursuing their own agendas, but skilled advisers who reflect the range of issues involved - health, food producers, enforcement bodies and scientists - and can deliver positive action together."

"Good health is a basic right of every citizen, and the protection of public health by means of good food is a fundamental duty of every government," he added. "It is an integral part of the government's crusade for preventative measures to combat ill-health."

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Tony's friends are invited to a special party: RSVP only if you're trendy

Colin Brown
Chief Political Correspondent

Margaret Thatcher had Dame Vera Lynn to Downing Street. John Major had the England cricket team. Tony Blair has invited Noel Gallagher and Jennifer Ehle.

The Oasis pop star and the actress from the BBC's adaptation of *Pride and Prejudice* are on the guest list for a Downing Street party next week that reads like the British Oscars.

One insider said: "It's a younger, more modern list of guests, and it's forward-looking. It's all about British success."

Ross Kemp, who plays the

skinhead in BBC1's *EastEnders*, will be rubbing shoulders with Ralph Fiennes, the star of the film *The English Patient*, and Della Smith, the best-selling cook. Comedians Lenny Henry and Eddie Izzard may swap gigs.

It could be just the night for Mr Blair, the singer in a student band, to out get his guitar and dust off the old loon pants. Among the guests will be Alan McGee, head of Creation Records, which produced the Oasis hits. The animator Nick Parke, creator of *Wallace and Gromit*, will be there with Bodyspace owner, Anita Roddick, and David Putnam, the Labour-supporting film director

who is tipped for a peerage. There will be some cross-over with the receptions that Mr Major held at Downing Street. The businessmen on the list include Sir Richard Greenbury, who chaired the committee on fat-cat salaries for Mr Major, and Michael Caine, who had invites to No 10 in the past.

The tradition of the celebrity Downing Street parties goes back at least to Harold Wilson, who hobnobbed with the likes of the Beatles. Lady Thatcher also held celebrity bashes with television stars, such as Paul Eddington, who played the Prime Minister in her favourite television show, *Yes, Minister*, which

was said to reflect her views on the Civil Service. Mr Major may have had a grey image, but he also had his moments. His guest list included Elton John but he was happiest when surrounded by sporting heroes such as Sir Bobby Charlton and Sir Colin Cowdrey.

Mr Blair, who last night hosted a reception at No 10 for fashion stars including Bruce Oldfield, Jasper Conran and Alexander McQueen, is sending out invitations for a Downing Street summer party for sports stars. Invites include the triumphant Lions rugby test team after their South Africa victory.

at a London hotel for his former Cabinet colleagues, including the seven who lost their sea. It will be the first time they have been round the table together since the Labour landslide. Major may use Barrow, Thatcher's phrase to her Cabinet after being stabbed in the back: "It's a funny old world."

British Oscars: Hosts Charlie and Tony Blair with some of their guests from the world of the arts. From left: Ralph Fiennes, Michael Caine, Eddie Izzard, Noel Gallagher and his wife, Meg, and Jasper Conran. In John Major's time sporting heroes such as Henry Cooper were more the order of the day (above left)

Photomontage: Jonathan Anst

Shipwreck crew washed away 'like rag dolls'

Jojo Moyes

The skipper of the *Maria Asumpta* yesterday described survivors' desperate attempts to save a female crew member as the 137-year-old vessel was wrecked on the north Cornwall coast.

The square-rigged sailing ship was smashed to pieces with the loss of three lives at Rumps Point, near Padstow, in May 1995. Mark Litchfield, 56, from Boxley, Kent, has pleaded not guilty at Exeter Crown Court to manslaughter of Anne Taylor, 51, from Oxfordshire, Emily MacFarlane, 19, from Felixstowe, and John Shannon, 30, from Queensland, Australia.

Mr Litchfield has told the court that when the vessel began to head towards the shore near Padstow he started the ship's engines.

When the engines failed he raised more sails, and then, in the last 10 seconds before the tragedy, he said, he started to pray.

The helmsman, John Howells, had told Mr Litchfield he thought they were going to make it, but Mr Litchfield told the jury: "I was not so sure..." The next moment there was a tremendous crash and the ship stopped dead.

As he began to call on the ra-



Maria Asumpta: Smashed to pieces with three lives lost

dio, the ship was lifted, dumped on its port side, and he heard a splintering noise. He said a huge wave lifted the ship again and he found himself under water.

As the bow of the ship came up against the rock, he began to make his way forward. "It was like walking on an earthquake. The ship was breaking up under one's feet. The deck was awash already," he said.

John Shannon and another crew member had been washed away, he said, "like rag dolls" from a rock. Mr Litchfield, who had managed to get on to a rock with other crew, saw Emily MacFarlane on the vessel and tried to get her off. But she fell

into the water and was swept around the bow.

"One had the terrible feeling it was the last we would see of her," said Mr Litchfield, adding that waves up to 15 feet high were crashing against the cliff.

He went on: "We saw to our horror Anne Taylor was still on the deck, rooted to the spot. We were encouraging her to jump into the sea between the cliffs and the ship but she wouldn't do it. The ship took an enormous lurch to port and everything went into the sea, taking Anne with it."

The skipper said they saw Ms MacFarlane on the bow of the ship, adding: "How she got back there, I do not know."

He said crewman Jamie Campbell then "performed the bravest act I have ever seen". The crewman ran across rocks, got on to the vessel and helped Ms MacFarlane on to a rock.

Mr Litchfield went on: "They didn't quite make it to the top of the rock. They jumped off and landed on the side. A wave came and swept them off."

Attempts were made to get a rope to Ms MacFarlane but she slipped from Mr Campbell's grasp.

"That was the last we saw of her," Mr Litchfield said. The case continues.

Dearing warning on falling quality

Lucy Ward
Education Correspondent

A new era of expansion in British higher education must be matched by radical steps to safeguard quality if standards are not to slide over the next 20 years, the most fundamental review of the sector for three decades will say today.

Sir Ron Dearing's year-long national committee of inquiry into higher education, publishing its 1,700-page report this afternoon, has concluded that the risk of declining degree quality is the central issue facing the sector.

If graduates are to repay up to £3,000 towards the cost of their courses – a change proposed by the committee and already accepted by the Government – minimum standards must be guaranteed in return for their investment, the report will say. It will set down a series of measures, including introduction of threshold stan-

dards for all higher-education qualifications, irrespective of the institution offering them, and compulsory training for all lecturers entering higher education.

Under the proposals, universities would be expected to make clear to potential students the precise content and outcomes of their courses. The honours-degree classification system of firsts, seconds and thirds might be scrapped and replaced with a pass/fail system, under which graduates would also receive a "script" or report, showing the knowledge and skills they had acquired.

The committee will stop short of suggesting standards have already declined during the recent expansion of higher education, which has seen numbers of young people going to university rise from around one in 20 in the early Sixties to more than one in three today.

But it will make clear that the issue of maintaining quality

can be ignored "at our peril". As universities face a £3bn cash shortfall, the Government cannot duck the issue of funding, but there is a danger the problem of standards could be "fudged" unless steps are taken quickly, the committee is expected to say.

The Dearing report, *Higher Education in the Learning Society*, is the most important analysis of higher education since the Robbins report of 1964. The latest study, like its predecessor, calls for expansion in the sector, but suggests the biggest growth area is likely to be in sub-degree courses such as Higher National Diplomas and Certificates. Further-education colleges, many of which already offer HNCs, may see much of the expansion, the committee will say.

It will propose a more flexible system of qualifications which allow students to leave study for work and then return later.

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Not waving but drowning in Moscow

Phil Reeves
Moscow

Take any capital city and make a guess: how many people do you think drown there in an average summer month? Ten, perhaps? Twelve? Even 20 does not sound implausible. So what on earth is going on in Moscow?

An incredible 116 people drowned after plunging into Moscow's rivers, lakes and ponds between June and the end of the first week of July ac-

cording to the city's ambulance service.

There were no collapsing road bridges, no sinking passenger ferries, no packed trains plunging into lakes. Just one death after another, and another. The figure is another contributor to a demographic crisis that last year saw Russia's population decrease by 430,000 – the equivalent of a city the size of Edinburgh – setting the average life expectancy for a male at a mere 59 years.

It comes as no surprise to the Russians. While about 750 people drown every year in the United Kingdom, Russia regularly overakes that figure within one summer month. The population of 147 million is nearly three times that of Britain, but the number of drownings is 22 times higher. By contrast, an average of just over six Londoners drowned each month last year. The picture is the same throughout Russia, where 16,157 people last

year went to a watery grave according to government statistics. That figure, though horrifying, was lower than the carnage of 1995 when a record 20,458 drowned, more than a third of the total number of Americans who died in the Vietnam War in a decade. This heavy toll partly reflects the Russian tradition of spending summer weekends picnicking on the banks of rivers and lakes. Add to that a lack of public swimming baths, poor rescue services, dismal

safety education, a population that has no money for other leisure activities, and some notoriously treacherous waterways, and the dimensions of the problem become clearer. The figures for winter are also surprisingly high: 215 people drowned throughout Russia in January, including a sizeable number of fishermen who fell through ice.

Alcohol abuse also plays a terrible role. Last month's list of the dead only included sev-

en children; the rest were adults, of whom a large number were intoxicated. According to Ivan Zelenkov, spokesman for Moscow's Civil Defence service, just under one third of those who drown in his area are 'drunk' (an estimate which many Russians will consider conservative). "People are irresponsible. They try to swim in every possible lake or pond," he said.

A collapsed health care system, smoking, bad diet, pollu-

tion, and general economic decline bear much of the blame for Russia's shrinking population. Some demographers expect it to drop to 123 million over the next 35 years.

But accidents are also proving to be a huge killer. In 1995, a quarter of the Russian male deaths were the results of accidents and alcohol poisoning. The average age of the victims was 42 years, which suggests that Russia is losing manpower at a catastrophic rate.

One leading demographer, Sergei Yermakov, claims the country lost 2,000,000 working years in 1995 because of premature deaths, depriving the economy of potential earnings of \$20bn.

And if those statistics aren't bad enough, then there's more bad news. Muscovites who persist in braving the treacherous waterways in the city face a new peril: traces of cholera have been detected in the water in five separate places.

Bastille Day on the Wild Side is a big drag for the queens

David Usborne
New York

Wander the canyons of New York on Sunday in summer and chances are that somewhere you will stumble on a street festival. Probably it will be an ethnic celebration, in honour perhaps of a Puerto Rican holiday or an Italian saint. What I found last Sunday was a block party with Bastille Day as the theme.

As I penetrate the crowds on Gansevoort Street in the meatpacking district in Manhattan's lower West Side, something tells me that this fair is going to be a touch different from most others. The fact that we are already 20 July – six days after Bastille Day itself – is not the only thing that's unusual here.

Pardon me, that striking lady in stage there in the twenties flapper's dress – with biceps like that, doesn't she have to be, um, a guy? Mais oui, ma chérie. This afternoon and night of frivolity and general on-la-la is most certainly not sponsored by the French consulate.

Rather, now in its eighth year, this has become an excuse for a coming together not just of the city's large gay population but especially of its drag queens.

Almost instantly, I am accosted by 6ft girl with dark, Paula Jones air, false boobs that are not quite in the horizontal and a five o'clock shadow. She demands to know if I

have yet recovered from our recent hot night in Monte Carlo. I had, I told her.

No sooner do I extricate myself from her than somebody else, not in costume, thrusts a flyer in my hand decrying Mayor Giuliani for allegedly shutting down "queer New York" with club closures and arrests of men in the World Trade Center lavatories. "THIS IS A SEX PAN-IC!" it screams, inviting me to seek further information on the Internet at sexpanic@geocities.com.

The mayor, who has made a political career out of sanitising the city, would not have cared for the entertainment that unfolds over eight hours on the stage erected at the cobble street's western end. The boy-girl in the flapper dress is Sybil Bruncheon, mistress of ceremonies.

With torrents of innuendo, she introduces the myriad acts and conducts periodic raffle-ticket draws. Someone wins a case of strawberries from a shop called The Fruit Exchange. "No darlings, that is not a place to buy homosexuals whole-sale!"

With trestle tables arranged in front of the stage with both lunch and dinner served to 500 people in two servings, Ms Bruncheon gets most mileage from jokes about the grand prize – a trip for two to Miami Beach. Accommodation, of course, will be in the hotel suite occupied by Andrew Cunanan before he allegedly



Dress sense: Mayor Giuliani has been accused of trying to shut down 'queer New York' but the drag queens are having none of it

Photograph: Frank Spooner

murdered Gianni Versace. "Did you hear?" Sybil asks. "The police say Cunanan may be disguising himself as a woman. That doesn't seem so strange."

It is hours before the culmination of the day's events, held to benefit Housing Works, a charity offering shelter to homeless AIDS victims in the city. At 9.30 the drag-costume

competition begins, with Marie Antoinette as the appropriate theme. The material is mostly pornographic, but the fashions being worn are world-class. Being modelled on the likes of Gilda and Candis Cayne are creations donated by such designer notables as Yves Saint Laurent, Isaac Mizrahi and Oscar de la Renta. Ms Cayne is especially diverting in

her all-leather bodice, cowboy hat and antique régime bloomers.

At the tables, the bourgeoisie have the best view of the stage, but we, the peasant rabble filling every cobbled inch of the rest of the street, get to choose the competition's winner by volume of applause. By 10.30pm we have a tie. Sharing the trophy – a guillotine in Perspex

– are Chuiquita, who sang with astonishing clarity an aria from Catalani's *La Wally* and Mona Foot. Mona, black, six foot six and wearing a towering tri-colour wig, all but strips before us while lip-synching rap lyrics that would have sent Jesse Helms into paroxysms. Entitled "Let them eat pussy!", the song details Mona's preference for fellatio over

penetration. With the show over, the mostly male, and mostly shirtless, multitudes stream into the Hell nightclub, also on Gansevoort. Suddenly, the name meatpacking district begins to assume new meanings in my head and I decide that it is time that I wind up my Sunday afternoon constitutional on the West Side. Make that Wild Side.

Dark side of family life puts strain on Asean

Richard Lloyd Parry
Kuala Lumpur

The leaders of the Association of South-East Asian Nations (Asean) are fond of referring to themselves as a family and, superficially at least, there is something to be said for this arch analogy. The seven members – ranging from stately Father Indonesia to more skittish siblings like the Philippines, and eccentric left-wing outliers like Vietnam – get together once a year for a big summer party, at which compliments are exchanged and family matters are given a thorough airing.

This week's meeting in Kuala Lumpur will be the 30th such gathering, a celebratory occasion at which three long lost children were finally to be welcomed into the fold. But quite unexpectedly, as preparations for the big party were just gathering pace, the family went through a run of terrible fortune. In the last few weeks, one brother has nearly gone broke, several others have lost their own money trying to bail him out, and one of the prodigal sons has gone berserk.

Even as recently as a month ago, this week's meetings were being portrayed as a symbolic

The coup in Cambodia and a run on member states' currencies expose organisation's weaknesses

and diplomatic landmark, when Asean would move a step nearer to its destiny as the closest thing Asia has to the European Union. The group was to complete its membership by welcoming Burma, Cambodia and Laos, after three decades of remarkable growth and increasing co-operation.

Asian diplomats speak of the "Asean way", based on behind-the-scenes consensus building and public harmony. Today, as ministers gather for the first in a week long round of meetings, the economic stability, the harmony and the confidence are in tatters, shot to pieces in the Cambodian coup and the assault on south-east Asian currencies being carried out by international speculators.

Discussion is certain to be dominated by the Cambodian crisis, which has seriously undermined one of Asean's most fundamental principles. Asean's governments range from a high-spirited, if unpredictable, democracy like Thailand to the

authoritarian quasi-dictatorship of Indonesia. But they have always insisted that stability is their political aim, and that no state is in a position to criticise the internal political arrangements of another.

This point was forcefully made a year ago when Asean confirmed that it would be admitting Burma as a member. The announcement caused consternation in Western capitals, where Burma's junta, the State Law and Order Restoration Council (Slorc) is considered beyond the pale. But Asean stuck by its guns, insisting that only through "constructive engagement" with Rangoon could Slorc be shown the error of its ways.

That argument has become strained in the last few weeks, as Hun Sen's forces have trampled all over the Paris peace accord, partly brokered by Asean, which temporarily brought peace to Cambodia. Phnom Penh's membership has been put on hold, spilling the symbolic unification of the region

on its 30th birthday, but Asean's attempts to mediate a settlement between the warring parties have been scornfully rejected by Hun Sen.

Some Asean leaders are already arguing for a redefinition of the group's principles to allow for "constructive interventions". But if Asean is prepared to roll up its sleeves and get stuck into Cambodia, why not in Burma too?

The interdependence of Asean's overlapping problems has been emphasised by a separate crisis in the region's currency markets. Earlier this month, Thailand's central bank was forced to allow the baht to float freely after a sustained attack by currency speculators. The bug spread to the Philippines: in the last few days Indonesia and Singapore, have seen their currencies weakening.

The turmoil points up the fragility of the tiger economies, something which the admission of Laos and Burma will do nothing to reinforce. Both are being granted exemption from key economic requirements, in an attempt to get them on Asean's side rather than China's. But their backwardness will certainly exert a drag on the group and further strain the family ties.

Yeltsin backs religious freedom

Phil Reeves
Moscow

Boris Yeltsin was last night facing a confrontation with the powerful Russian Orthodox Church and both houses of parliament after vetoing a fiercely disputed bill restricting freedom of worship.

The president's eagerly-awaited decision will be warmly welcomed in the West, and particularly in the United States, where senators had voted to withhold about \$200m (£120m) in aid to Russia if he signed it.

The bill, "On Freedom of Conscience and Religious Association", placed Mr Yeltsin in the awkward position of weigh-

ing the damage it would do to Russia abroad against huge domestic pressures. It was fiercely opposed by the Pope, who wrote to Mr Yeltsin requesting him to withhold his signature.

Announcing his decision, the president, who is on holiday in central Russia, said it would have restricted the constitutional rights of Russians, destroyed the equal rights of different religions, and "contradicted" Russia's "international obligations". He also said it could "trigger religious strife" in Russia.

The legislation, overwhelmingly supported by both houses of parliament, placed restrictions on new "non-tradi-

tional" religions in Russia, which is overwhelmingly Orthodox, but also contains large numbers of Muslims, Buddhists and Jews.

Although its intention was partly to stamp out the increasingly popular quasi-religious cults, it also swept in the Catholic Church – which has long been at loggerheads with Russian Orthodoxy – and other mainstream confessions, such as the Baptists. It includes imposing a waiting period of 15 years before allowing religious organisations full legal rights – a clause which would have barred them from owning property and conducting public worship during that period.

Mr Yeltsin now faces the prospect of a showdown with the Duma, the Russian parliament, which will accuse him of pandering to the West and especially the US. It can override his veto with a two-thirds majority vote.

The powerful Russian Patriarch, Alexy II, a firm advocate of the proposed laws, can be expected to lend his weight to a new effort to push it through. He has described the growth of foreign cults in Russia as a Western invasion.

The president's decision brings a temporary halt to a tortured conflict which sent conservatives and the Church against liberals and the West.

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Great flood breaches Germany's defences

Inna Karacs
Bonn

The makeshift walls of sand thrown up by German sappers along the country's eastern frontier were crumbling yesterday, consumed by the most vicious torrent of the century.

As the once sleepy Oder roared in from Poland, the dykes guarding the village of Brieskow gave way, and the streets submitted to the river. The breach was eventually plugged, but inhabitants of the nearby village of Aurith had to be evacuated when another dam burst, and geysers are springing up everywhere behind the barriers. Rescuers fear Brieskow is only a foretaste of things to come.

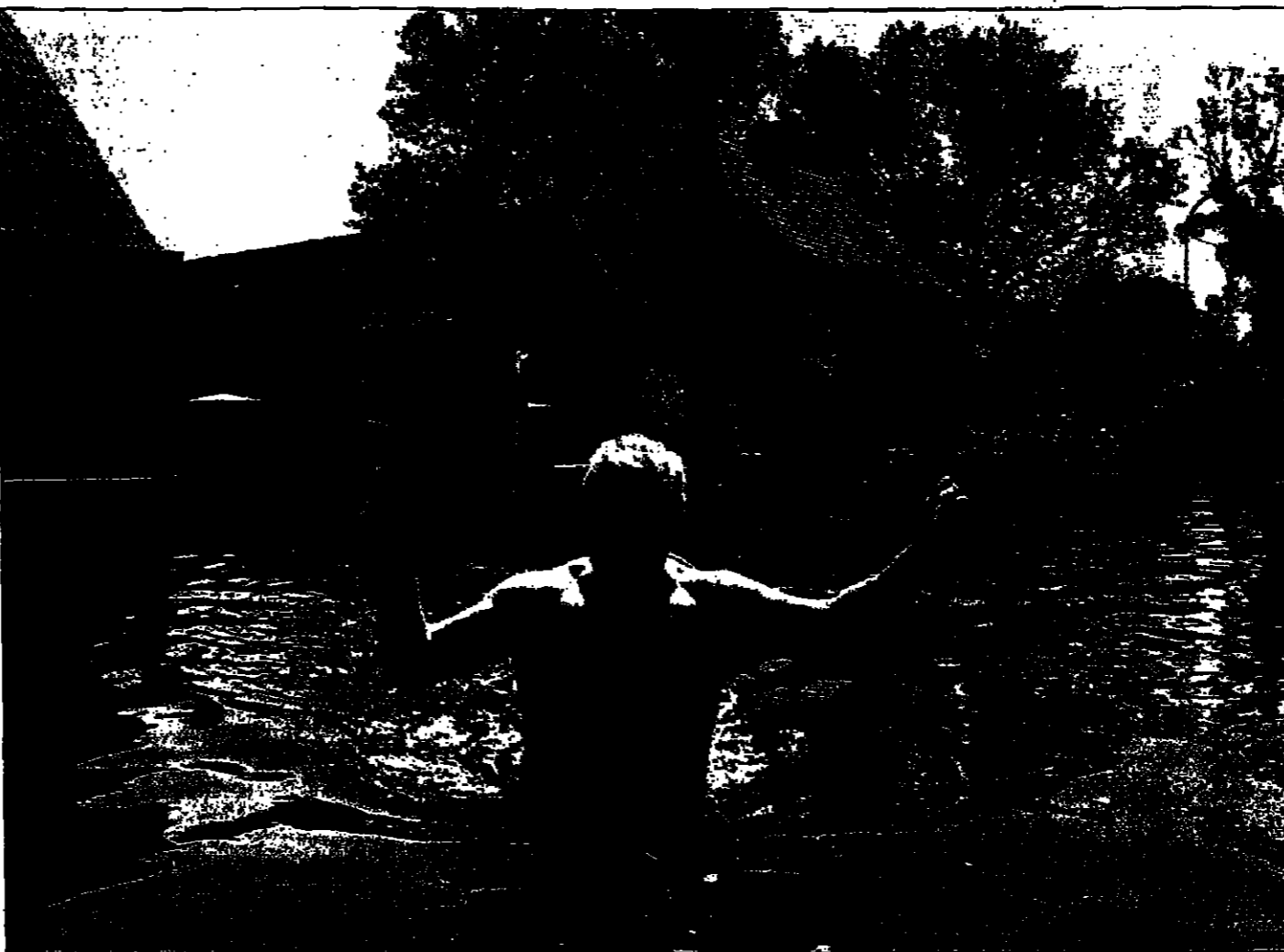
Less than 10 miles downstream lies Frankfurt an der Oder, an impoverished East German industrial town of 90,000 souls, far removed in distance and wealth from its wheeling-and-dealing namesake by the Main. The waters that have been lashing Poland for the last two weeks are due to peak here today. That is, if the

heavens stay as calm as they have been for the past two days.

Yesterday the sun shone again over much of Central Europe, allowing Czechs in Moravia and Poles in Silesia to start sweeping out what remains of their homes. The rivers yielded another eight corpses in Poland, bringing the death toll to 60 there and to 46 in the Czech Republic. More than 1,600 towns and villages were inundated in monsoon-like weather last recorded in this part of the world 500 years ago.

In Poland, 140,000 people had to be evacuated - 62,000 have no home to return to. The Czech Republic is slightly more fortunate with only 10,000 homeless. The damage wrought on the fragile rural economies of the region can only be guessed at for the moment. Vast cornfields have become fish ponds; tens of thousands of farm animals are being swept towards the Baltic.

The Polish government yesterday rushed through a package of measures to help the victims of the floods,



Water wall: A man rescuing a file from his home in Brieskow. Sappers later repaired the dykes breached by the Oder. Photograph: Reuters

promising one-off payments to those affected and a tonne of seed grain for every hectare of land turned into a sea of mud.

The announcement was accompanied by an uncharacteristic apology from the Prime Minister, Włodzisław Cimoszewicz, who had earlier comforted farmers with

the sentiment that they should have been insured. "I simply say sorry for my inappropriate remark," he said. Mr Cimoszewicz is blamed in some quarters not only for failing to make emergency preparations, but indirectly for causing the inundation of Wrocław, the capital of Silesia. Officials had wanted to blow up dykes

upstream of the city in order to divert the floods into the fields. But farmers, many of them uninsured, lay down on the dykes to prevent the blast. Wrocław could not be saved.

No such mistakes are likely to be made in Germany. Chancellor Helmut Kohl rushed to the threatened region yesterday, strolling on the still

dry streets of Frankfurt an der Oder and already promising lavish funds for any future victims. "It's a terrible catastrophe for the entire region, for Germany and Poland," Mr Kohl said on his visit to the town.

"The situation is critical, and the people should know that we will do what's necessary. I'm taking care of

it. We are organising all imaginable help," he said.

A helicopter was sent to dump sand on a five-metre tear south of Frankfurt an der Oder, said a spokesman for the interior ministry Brandenburg state.

Along the 100-mile long stretch of the rivers Oder and Neisse in Germany, some 35,000 Bundeswehr soldiers have been piling up sandbags for weeks. The mounds have risen as the waters have climbed, staying ahead by just a few inches every day. "If the wall breaks, then all you can do is run," said one soldier.

The rescue services are organised with military precision. The soldiers have been dispatched to any dyke that are endangered. At the same time, fire-fighters dash about switching off electricity and gas, while other forces are in charge of evacuating people from their homes. To prevent an epidemic, thousands of chemical toilets are already waiting outside the gates of Frankfurt just in case the dams burst.



French workers threaten strike to halt Le Shuttle

Joanna Lee
Paris

British holidaymakers face the threat of more disruption today after French Eurotunnel workers prepared last night for a one-day strike.

The stoppage is likely to affect services on Le Shuttle,

which transports vehicles and passengers through the Channel Tunnel between Folkestone and Calais. Freight services are also likely to be affected, but the separate Eurostar passenger train service, which operates between London and Waterloo and Paris Gare du Nord, will run normally.

It is not yet clear how much

disruption the strike will cause. Trade union bosses were to hold a final meeting today to decide on the strike; they were unwilling to speculate on how many workers would be involved, or how long the strike would last.

In theory all sectors on the French side of the Channel may come out, for all or part of

today. The strike has been triggered by long-term grievances over workers' conditions.

A spokesman for the CFDT union, the main representative of Eurotunnel workers, explained: "The original workers' statute was drawn up in 1991 without consultation with the French unions. We want to

change this". Employees are becoming angry over working conditions. Principle grievances include payments of salaries and the length of shifts.

Recent events have aggravated their discontent, particularly the large pay rises for Eurotunnel bosses in 1996. Fears for safety have been fuelled by

the fire last November, which injured three employees.

Trade union representatives are demanding a review of salaries, working hours, shifts and overtime payments. A meeting has been arranged with Eurotunnel directors on 29 July, but workers have decided to go ahead with the strike anyway.

There are no plans for last-minute talks to try and avert disruption in one of the busiest periods of the year.

Le Shuttle operates between three and four passenger services per hour, carrying 6,000-9,000 vehicles each day.

Last Sunday, more than 9,500 vehicles took the underground

route to France. The freight trains carry up to 1,300 lorries daily.

Although it is uncertain how many Eurotunnel workers will come out on strike, it is likely that industrial action of any kind in such a busy period will affect some trains leaving Folkestone today.

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Holocaust legacy: Switzerland responds to international criticism while Italy sentences Nazi war criminal

Swiss bankers to list war accounts

Louise Jury

The names of holders of thousands of accounts lying unclaimed in Swiss banks are being published across the world today in response to international criticism over the banks' treatment of Holocaust survivors.

The move is a late attempt by members of the Swiss Bankers' Association to clean up their image, which has been tarnished by allegations that they obstructed attempts by survivors and their families to reclaim assets after the Second World War.

Pages of names are being printed in newspapers in 28 countries including Britain, America, Germany, Israel, Australia and the former Soviet Union. They are being simultaneously placed on the Internet.

Anyone recognising a name will be asked to contact the banks via a free telephone number in an effort finally to resolve what has become an embarrassing and damaging affair for the Swiss banking community.

Jeffrey Taubfield, of the New York public relations firm Kekst and Company which acts for the association, said it was a "real example of Switzerland's commitment to responsible and honourable in undertaking what must be done."

"We are literally reaching out to all corners of the world in an attempt to identify Holocaust survivors and their heirs."

The list covers all the accounts that have been dormant since the end of the Second World War which were opened by non-Swiss citizens before 1945. A second list of accounts will be published in October of dormant pre-1945 accounts opened by Swiss residents, who may have acted as proxies to hide the assets of European Jews and others threatened by the Nazis.

The drive behind the initiative has come from the Jewish community, who suffered particularly hard because many members died leaving no details of accounts held. Some banks are alleged to have demanded death certificates from families trying to make claims. But others may also benefit. A previous search showed accident victims to be among the dormant account holders.

Greville Janner, chairman of the Holocaust Educational Trust, said many of the names would be dead, but at least their heirs would have a chance to recoup the family inheritance. "We have been begging the Swiss authorities for over a year now to do this. Their action contrasts with the obstruction and evasion which greeted needy refugees

who approached the banks for their money immediately after the war. If banks had ever seriously looked for owners then, they would have saved years of suffering for thousands of people."

Sebastian Kornhauser, from south-west London, who is trying to trace the assets of his grandfather Jan, said it was a good sign. "Better late than never, but it is very much belated. This should have happened years ago."

But the problem of tracking down rightful owners are legion. Among the names on the list is a Paul Mayer. Paul Mayer, 85, of north London, said yesterday that he had no idea if he had a claim. His Jewish stepmother died after being arrested in Germany at the beginning of the war and her second husband was held in a concentration camp, although he was not Jewish, and died of natural causes a few years later.

Mr Mayer said he would not want any money for himself. "It should go to Jews or to Jewish charities to help people in need. I am going to wait to see the advert before deciding what to do."

The Holocaust Educational Trust in London has opened a hotline (0171 222 5115) for anyone who wants advice.



Crime and punishment: Erich Priebke (left) who was sentenced yesterday to five years' jail for the Ardeatine Caves massacre, and a victim's relative (right) in court with a sign that says 'Captain Priebke, the living and the dead demand justice'

Photographs: AFP AP

Former SS man jailed for cave murders

Andrew Gumbel
Milan

The Italian military court finally made its peace with history and with public opinion yesterday by sentencing the former Nazi SS officer Erich Priebke to five years behind bars for his role in the 1944 massacre of Italian civilians at the Ardeatine Caves outside Rome.

The sentence, welcomed by Jewish leaders and groups representing the victims' families, was one of the most tortuously reached legal decisions in Italian history, taking a full 53 years to come to fruition and involving a number of startling setbacks along the way.

Last year the same court chose to let Priebke go on the grounds that he and others had been forced to carry out the massacre under severe pressure from the Gestapo - an extenuating circumstance that automatically downgraded his acts from crimes against humanity to an ordinary act of violence now covered by the statute of limitations.

That decision caused such an outcry in political circles that it was eventually annulled in the high court and sent back for a retrial.

Yesterday's decision was therefore just as much about setting the record straight as it was making a momentous judgement about Italian history. The massacre at the Ardeatine Caves, in which 335 men and children were rounded up and shot in retaliation for a partisan bomb attack on an SS unit, was not only one of the most brutal acts against civilians in Italy during the Second World

War but has become a symbol of anti-Fascist resistance in present-day Italy.

For years, Priebke lived quietly in Argentina until the Simon Wiesenthal Centre tracked him down in 1994. When he was extradited to Italy the following year, he managed to revive all the old conflicts between the anti-Fascist majority and those Italians who remained loyal to Benito Mussolini to the very last. The military court, representing some of the most reactionary historical interests in the country, instinctively sided with the view that old demons are best left unstirred.

Much of public opinion, particularly the centre-left government now in power, took violent exception to the court's deliberations and demanded that the country's heroes be properly vindicated. The mess created by the whole Priebke affair has highlighted just how little thought modern Italy has given to its ambivalent feelings during the war - when the country was tugged into polarised pro-Fascist and pro-Communist camps - and any sense of guilt that might have arisen.

Yesterday, Priebke was finally sentenced to 15 years in jail, but given his advanced age - 84 - 10 of them were suspended. A second former SS officer, Karl Haas, was sentenced to 10 years and eight months, but he was told he would have to serve none of them. Both men spent long periods of their lives enjoying the protection of a number of foreign governments. Haas, at least, was used as an intelligence agent and had his identity protected by being declared officially dead.

significant shorts

Old Balkan foes to meet for football shoot-out

Belgrade police tightened security for tonight's European Cup qualifying round clash between Partizan Belgrade and Croatia Zagreb. Partizan took out life insurance for players and spectators, although Croatian fans are barred from the match. It is the first sporting contact between teams from Croatia and Yugoslavia, now comprising Serbia and Montenegro, to be held in former Yugoslavia. The teams met in the former Yugoslav League before the war of the early 1990s. Extremist fans - such as Partizan's "Grave-Diggers" and Croatia's "Bad Blue Boys" - joined the most notorious paramilitary units, fighting each other on the fronts.

Reuters - Belgrade

Tsarist statues take drubbing

Russia's Prime Minister, Viktor Chernomyrdin, ordered security forces to make every effort to halt attacks against statues and other monuments in the capital. Several attacks have been against monuments honouring the tsars, with hard-line Communists claiming responsibility. Other attacks appear to be vandalism.

AP - Moscow

Gorilla is a hit bar none

Max the gorilla, back on his feet after being shot by a robber on the run, has become South Africa's latest cult figure. He was released into his enclosure at Johannesburg Zoo and reunited with his mate Lisa for the first time since his ordeal last Friday.

Reuters - Johannesburg

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Fashion

Berardi's Paris

Antonio Berardi (below) is fashion's Next Big Thing, so says everyone, including American *Vogue*. British, 28, and just two years out of Central St Martin's, he has already had offers to design for major houses in Paris and Milan. Here he reports on this month's Paris couture, a special eye on the catwalks where soon he will loom large. Photographs by Jon Fischer

This month I finally discovered what *haute couture* meant. For years I've lived with the notion that it was one of two things: first, pieces of such meticulous beauty that they were never really meant to be worn, but to be handled with white gloves, wrapped in acid-free tissue paper and stored in temperature-controlled rooms, rather like a fine rolled Cuban cigar; or second, pieces of clothing of the highest order, delicately sewn together (as in Walt Disney's *Cinderella*), embroidered and encrusted with jewels as if by magic, and worn by continually grinning *grandes dames* to uncions to which the camera does not allow us ordinary folk.

I was right on both counts, or I saw wondrous creations, it for museums in some cases, screaming to be worn in others, but, strangely enough, by a far younger audience than had anticipated — though I was elbowed in the ribs by more than one surgically-enhanced grandmother, adamant that nothing was going to get in the way of her and her *autumn*.

One lady I had the good fortune to meet over dinner, Andy Schreier, is an American collector of couture (she regards Azzedine Alaïa as her ercest competitor). She rarely says things to wear. She collects because couture is a precious commodity, and she keeps her purchases wrapped up for designers and researchers to view. Collectors like her keep the skills of the artisans, the backbone of *haute couture*, alive and preserved.

Couture is no longer about selling trends — we now have ready-to-wear to do that. It is pure fantasy, escapism for the designers and an effective way of selling cosmetics and scented products. Fortunately in Paris are holding the reins, and as history has proved, we're not very good at letting go, or may it continue to thrive. The vocabulary of couture is dictated by certain words, richly strange enough best describe the work of several of the masters:

quisite would be Dior, which with the seemingly unstoppable force of John Galiano at the helm produced an altogether stunning collection.

In a frenzy of Mata Hari cets Edwardiana, the references came so thick and fast at times they were hard to be in from Laurence to Mucha Klimt. *Belle époque* mania-ness stalked the Bagatelle ardens (complete with fountains and suspended chandeliers) in suits of grey tweed, tipped with fox fur and jewels. There were filigree diamond handbags, ankle acelets and a variety of finer accoutrements, all exquisite — and, most genius of all, stretch boots that looked de acted like stockings, supported by teetering red lacquer els by Manolo Blahnik.

blime goes to Jean Paul Gaultier and his Russian-orthodox-inspired collection.



PHOTOGRAPH BY KENT BAKER

Gaultier draws inspiration not so much from history, as from his own back catalogue. Here is a designer who is as uncompromising as he is poetic. Suits that fitted like a glove and tied effortlessly at the neck, wondrous, all-in-one trouser suits over plain cashmere knits, and a finely quilted dress that sent the audience into a frenzy.

From a dress beaded in a tiger-skin design (head, tail and all) to a Russian coat. My favourite piece was a dove-grey, *décolleté* sweater dress.

Sumptuous would be Givenchy, where the youngest couturier on the scene, Alexander McQueen, produced an extravagant collection to take the viewer on a round-the-world trip.

Let's make no bones about it, here was a beautifully cut collection, from tartan suits and cut-out bird motifs (a nod to previous McQueen highlights) to a body-covering, rich coral plissé two-piece with black, lace-trimmed shawl sleeves and a birdcage hat, complete with bird. McQueen and rewarded the throng with a perfect pale pink trouser suit banded with white Chantilly lace, and a *décolleté* black kimono-sleeved bodice, embroidered in a Chinese style, twinned with a stiff lace pencil skirt and finished with a huge silver Victorian bangle-style waist clasper.

The look was grand, as were the peregrine falcons who took their bows with the designer and his muse Honor Fraser.

Opulent describes Ungaro. Here was a collection that I was desperate to see, for I had heard that this man fashions his clothes himself, not on dummies but on real girls, and without the use of paper patterns. *Chez* Ungaro, everything is cut from cloth while the girls pose for the master. Once again, here were beautifully crafted clothes ranging from bias-cut draped tartans, marked with Technicolor paisleys, richly encrusted, to frou-

frou concoctions of lace and feathers. Narrow sleeves and shoulders gave the body an air of perfect grace and serenity.

Luxurious is Christian Lacroix. As each outfit emerged from beneath a red velvet concoction of braiding and tassels fit for a king, the sheer wealth of decoration hit me. Lacroix's use of all things bright and beautiful is unlike anybody else's. The fabrics are handwoven, exactly what I considered to be real couture. It smelt rich, and judging from the workmanship it was.

Gold-fringed fishnet bolero jackets were worn over minidresses by pompaded women, so perfect, so exaggerated they looked like living illustrations. Swagged and draped impossibly, dress after dress was more breathtaking than the last. Finally, the bride appeared in a long, pleated veil of black organza, wearing a black dress heavy with glass beading graduated from black to white. It was an amazing sight — and just when you thought it was all over, out popped another, this time in peach.

Lacroix, whose house is just over a decade old, offers old-school couture in the way Worth did. The demand is still there; his couture and wedding dresses sell, and his dreams become reality.

Perfection was Yves Saint Laurent, whose collection at first glance looked not a million miles away from Escada. I looked again and it all became clear. The craftsmanship was possibly the best of the week, and the make so subtle that the clothes seemed to have been untouched by human hands.

When he took over the reins at Dior in 1957, St Laurent single-handedly rejuvenated couture. He retains the standards of quality and perfection, with a faultless collection of simply beautiful clothes. Light to handle and with sleeves to die for, the tuxedo suits were still

there, as were the stalwart classic wrap dresses of yesteryear. This was a collection meant to be worn, and the audience loved it. Nan Kempner, one of the women for whom couture is more important than ready-to-wear, briefly shook my hand and smiled before Yves beckoned. She was whisked into the salon to take her seat long before the journalists. Here was his sternest critic, for should the collection be good, the designer would be rewarded with orders, far more important than a few lines of newspaper.

Refined could only describe Chanel. It was clean, and freed from the restrictions of over-embellishment, just as Coco Chanel would have wanted. The look was wanton: Miss Havisham meets Anne Rice, with wild hair and accessories. Karl Lagerfeld has the ability to piece together historic references to make collections that are intrinsically modern.

Ostentations: The Italians, Valentino and Versace, deserve a joint mention for the international flavour they bring to Paris. Although not traditional Parisian couture, this pair introduced an air of refreshing quality to the proceedings in a modern take on couture meets ready-to-wear.

Versace buyers are the expensive jet set, with children and all, bottle blondes doing the Euro circuit with fat wallets and a penchant for glitz. And glitz is what they got. Dresses that seemed to shimmer when still, catching any available beam of light as they moved. The clothes? A Byzantine mix; Joan of Arc meets Vionnet.

Like Versace, the master dress-maker Valentino showed an Eighties-inspired collection. This was, however, much more ostentatious than Versace's, with feathers, dyed chinchilla, and a snakeskin cummerbund to hold them all together. Beaded fagotting on leather skirts and jackets added to the drama of the collection, as did Cindy Crawford, whose robust silhouette swamped those of her fellow clothes-horses.

From the top: red sheath dress with feather headdress, by Emanuel Ungaro. Left, pale tulle overdress with gold heading; right, brown duchesse satin, cape-backed floor-length dress, both by Chanel. Centre, liquid silver, draped toga dress, by Yves Saint Laurent. Left, liquid gold, draped minidress decorated with Byzantine crosses, by Versace.



Above, classic Dior grey tweed geometric jacket with built-in hour-glass corset, worn with matching bias-cut skirt, by John Galiano for Christian Dior. Centre, black bordello ball-dress decorated with flowers; far left, vivid orange duchesse satin bridal gown with full-length veil; both by Christian Lacroix. Left, classic McQueen touches — Dante beaded corset and leather cut-out skirt; centre, spiral-seamed mermaid dress with lace bolero and visor veil; both at Givenchy. Far left, richly embroidered Edwardian hour-glass jacket with beaded bell sleeves, with white mini-bustle-backed skirt and chevron pleated top, by John Galiano for Christian Dior; middle, Chinese-inspired, fur-trimmed robe; front left, Aran-knit ballgown; right, quilted elderdown Empire-line dress; all by Jean Paul Gaultier.

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Yes, Mr Brown, this was praise well-earned

So, in the present disagreement between Gid Gordon and Sir City, the forces of the International Monetary Fund have sided with the Labour Chancellor. According to the IMF his first Budget is "an excellent start". Not entirely surprising, he agrees. Certainly, given the IMF's starring role in the collapse of the last Labour government, its judgement will be much relished in the Treasury. Is it possible that, in some sunless corner of that melancholy building (which it is impossible to visit without being reminded of some Victorian Institute for the Mentally Infirm) a bone-white gleam of triumph flickers across Mr Brown's pale countenance? It is.

For the IMF's blessing comes at a particularly useful moment. A couple of miles due east of the Treasury, there has been a rising rumble of hostility to Mr Brown's Budget. It has echoed through banks and insurance companies, and become the common conversation at wine bars and Conran restaurants. It bubbles from the inner sanctuaries of the almost-independent Bank of England, whose monetary policy committee is not wildly enthusiastic about the Budget.

In brief, the criticism is that Mr Brown should have raised taxes on consumers straight away, so checking the boom and preventing steady rises in interest rates. That would have reined in an unsustainably strong

pound and helped prevent a very hard time for British exporters, the effects of which will come next year... just when the tax rises bite. Instead, his City critics argue, he has done things the wrong way around. The opinion-forming classes may have a better August as a result, using the strong pound to buy fine meals in French market towns; but the cost will be borne in lay-offs and misery during 1998. On this view, the Treasury's explanation that this is a Budget for the long term cuts no ice: the best way to have a successful long-term policy is to get it right in the short term, time after time.

Let us leave aside, for the time being, the rich ironies in all this - City critics attacking a Labour chancellor for not being tough enough on the middle classes, while he defends himself by pointing out how tough he's being on public spending. More to the point, who's right? We should note, first, that the City is not speaking with one voice. There are many senior people who take Mr Brown's side, arguing that the fiscal tightening needed to reverse the interest rate rises would have had to be huge; and that the critics underestimate the effect of the tough control over public spending. However, the IMF also goes out of its way to warn of the dangers of the consumer boom, even suggesting new consumer taxes as one solution. Shrewd observers will remember that the argument about the right

mix of policy, as between interest rates, taxes and public spending, never ends and is never resolved.

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All that said, it is clear that the pound is unsustainably strong. It is clear too that public spending is horribly tight. And it is clear that the middle classes, particularly those with private pensions and substantial mortgages, are going to have a tougher time in the 12 months ahead, however much they enjoy their foreign holidays in the meantime. The changes to mortgage interest tax relief, which would have hardly been noticed by many had interest rates been stable or falling, will

smart in the present climate.

So, after an early period during which the Chancellor of the Exchequer has been a darling of the media and popular in the country, gaining applause for his move on the Bank of England, and warm reaction for his Budget, Mr Brown is likely to enjoy the next phase rather less; and he won't be the only one. There will be pay problems in the winter. Some of those who voted Labour for the first time in May will be wondering whether they were right by next spring. And the pound may indeed be causing some lay-offs.

We think, however, that this is pain

that must be gone through; and that the Chancellor will emerge looking stronger, not weaker. The early stages of the new regime for a more independent Bank were always going to be tricky. With its fiercely anti-inflationary mandate, it is more likely to keep policy too tight than too loose. It will make mistakes. So the first few "independent" hikes in base rates will cause opposition politicians, and some Labour ones, to protest that this was an economic as well as a constitutional mistake.

Then things will settle down. We will get used to a new world in which rates are not set by politicians - the same world in which most of the rest of the developed economies live. Tight though the expenditure plans are, the Treasury's early determination to keep public spending under firm control will pay off later in the political cycle. If Mr Brown can reverse the old trend, whereby Labour governments splurged early and were then obliged to raise taxes as the election loomed, he will be doing his party a signal service.

More important than any of that, however, is the fundamental Labour pledge to improve education and training. It is on that, as well as more conventional Treasury policies, that the Chancellor would wish to be judged. We remain sceptical about whether sufficient resources have been ruthlessly channelled that way; but it will be years

before we really know. In the meantime, a steady shift away from what has been called the middle-class welfare state, and towards schooling and the excluded, will be welcome. Mr Brown needed the IMF's blessing. He also needs the support of middle-class voters. But he is more likely to get that support, and keep it, by convincing them that he has a firm, long-term policy for low-inflation, high-education growth, than by trying to give them an easy 1998.

The operatic plot thickens

Luciano Pavarotti may not read *La Musica*, but he certainly can sing. Sir Jeremy Isaacs is in a different league. He gets paid to be an opera house director - £10,000 a month - but has no opera house to direct, in fact is being paid as a TV producer while not directing an opera house. Before his contract ran out he left Covent Garden, which then (out of apparently unlimited public funds) paid a successor - for the few weeks he lasted. Sir Jeremy's successor but one, Mary Allen, is directing the opera house (vacating Covent Garden during its refurbishment) but is not being paid until September. There could be a lesson here. Or not, as the case may be.

LETTERS TO THE EDITOR

Student fees: nation must foot the bill

Sir: If the nation is going to benefit from a better-educated work-force, then the nation should pick up the bill for the educational fees. If graduates do truly earn more because of their degrees, then they already contribute more through the higher taxes they pay. Any expansion of higher education should therefore rapidly become self-financing as the new graduates embark on their careers.

The proposed undergraduate tax - for that is what charging students £1,000 a year in tuition fees is - looks like little more than yet another way of reducing government expenditure by transferring a universal tax burden on to a small group of people at the very time in their lives when they will need every penny they earn. This is grossly unfair, not least because it is a flat-rate tax to be levied regardless of either ability to pay or future earnings potential. Do we really believe that tomorrow's £25,000-a-year teacher should pay the same as tomorrow's £250,000-a-year lawyer or financier?

K Q AMES

Rodney Stoke, Somerset

Sir: It is misleading for Mark Tweedale and others (letter, 19 July) to suggest that Britain's higher education system is somehow less accessible than those of France and Germany. Only a small minority of those registered as students in those two countries actually graduate with a university award. The completion rates in Spain and Italy are even lower.

The universities of our major European partners recruit vast cohorts of school-leavers and then eliminate most of them through an unforgiving selection procedure in subsequent years. British universities enable all those who apply themselves to their studies to graduate within the three or four years allocated for undergraduate courses.

Rather than emulate our continental neighbours, whose universities offer entry to all but prizes to few, we must ensure that our students continue to benefit from a supportive learning environment at every stage of study. If all those who enter university can count on fulfilling study and look forward to graduating with a qualification of value, then they should not balk at a share in the financial investment that this will necessitate.

PAUL TAYLOR

The University of Greenwich
Woolwich Campus
London SE18

Sir: Go the children of the poor will get their university degrees free, and quite right too. The children of the rich will have all their expenses paid by Daddy and Mummy, as usual. It is only the children of the middle classes who will set out in life crippled by debt.

They will no doubt respond either by dropping out or by going for the most lucrative jobs possible, and few will go in for ill-paid public service. How can society benefit from that?

P J STEWART

Oxford

Sir: I congratulate *The Independent* for opening a debate on university education in your leading article of 19 July and in particular the commend the subtlety of the challenge. Among the telling points



are some carefully inserted silly ones, obviously designed to provoke response. I especially like the deliberate anachronism in the doubt whether an arts degree is an adequate preparation for a commercial career, and the clever choice of Spanish (of all subjects) to illustrate the problem.

If you learn Spanish you can advertise your products to over three hundred million people in their own language, and you can trade more directly with some 25 different countries. You can also address the huge and growing Spanish-speaking population of the US through their more intimate culture.

Spanish departments these days teach courses designed to meet the demands of the next century. My own department includes modules on commercial Spanish and Spanish in business, with a qualification presented by the Madrid Chamber of Commerce. It supplements language study with "cultural" elements such as Spain since the death of Franco, ETA, Argentina and the Falklands/Malvinas Islands, and society and development in Latin America. This is not to say that we teach only what is commercially viable, but that we give students the opportunity to choose "preparation for a commercial career".

PETER BEARDSLEY

Professor of Hispanic Studies
University of Hull

Sir: It is claimed that the desired expansion in higher education cannot be met by the public purse and young people will have to pay £1,000 per year towards their university tuition.

Universities are already in a dire financial situation and that £1,000

is needed in addition to government funding. Tuition fees should represent an additional source of income to the university sector, rather than a redistribution of payment between society and the individual.

NICK HAMM

Thames Ditton, Surrey

Spooks can be prosecuted

Sir: Your comments ("£1.4bn pile of junk through the letterbox", 17 July) on the latest annual report from the Data Protection Registrar quote the registrar's intention to examine "whether some aspects of the work of the intelligence services could be brought into the data protection fold", because "crime fighting... may well fall under data protection laws", but omit reference to the most crucial element of his long-standing issue.

If an organisation should register under the Data Protection Act (for some or all of its activities) but does not, then the registrar cannot enforce the principles of good practice on which the Act is based, and individuals are wholly deprived of their rights established by the Act, including, for instance, the (qualified) right to obtain a copy of their personal data and to correct this information, if necessary.

All that the registrar can do in those circumstances, if appropriate, is to prosecute the organisation for non-registration (a criminal offence). In this context it

is perhaps worth pointing out that the intelligence services are not government departments and, therefore, could be prosecuted by the registrar.

FREDDY KOSTEN

Data Protection Nip
Cap Gemini UK plc
London SW8

Patent cruelty to animals

Sir: The European Parliament's decision to allow animals to be classed as patentable inventions ("Europe gives green light to gene law", 17 July) could lead to huge increases in animal suffering.

If the proposed directive becomes law in its present form, patents on small animals will become readily available. The British Union for the Abolition of Vivisection (BUAV) believes that this would provide a huge commercial incentive to animal genetic engineering. Genetic engineering is now the fastest growing area of animal experimentation, with 226,618 experiments being carried out on animals with "harmful genetic defects" in 1995.

Laboratory animals are genetically engineered to act as models of painful human diseases. Farm animals, already pushed beyond their natural limits, have been genetically engineered to grow quicker or bigger, and have suffered from ulcers, muscular weakness, poor vision and other

disorders as a result. Additionally, genetically engineered animals may suffer from severe, even lethal, unpredictable side-effects.

The classification of animals as "patentable inventions" goes directly against the growing recognition of the inherent value and rights of animals. This was emphasised at the recent EU summit meeting in Amsterdam where a protocol to the Treaty of Rome classifying animals as "sentient beings" was adopted by all member states.

The Council of Ministers will now consider the proposed directive. We urge the Government to take this opportunity to press for a ban on all animal patents.

MIKE BAKER

Chief Executive
British Union for the Abolition of
Vivisection
London N7

Scotland still a sovereign nation

Sir: The Government tells us that the devolution White Paper "will make it clear that sovereignty will stay with the Westminster Parliament" ("Blair tells Scots to go it alone", 21 July).

The White Paper cannot do this. Sovereignty cannot stay where it has never been. This is not just a question of the sovereignty of the Scottish people. It is also a question of whether the Act of Union created a single sovereign state or a political union

between two sovereign states. The bulk of the text of the Act of Union rehearses things which the Westminster Parliament may not do. This is not a mark of a sovereign power. The Act of Union no more transferred Scottish sovereignty to London than the Treaty of Rome transferred it to Brussels. Any government attempt to change this would be a constitutional change so big that devolution would be trivial by comparison.

EARL RUSSELL

House of Lords
London SW1

Coping with catalogue debts

Sir: Your headline "Catalogue debt sends women to prison" (17 July) could cause unnecessary concern to millions of women who purchase from catalogue mail order companies. It has not been open to a creditor to seek the imprisonment of a debtor in the manner suggested in the article since the latter part of the 19th century.

The traditional catalogue mail order companies provide credit in a responsible manner and only after careful assessment of the application received. Should a customer experience financial difficulties, then generally, if the company concerned is contacted at an early stage, attempts will be made to come to a suitable arrangement, thus causing as little distress as possible.

KEITH M TAMLIN

Director
The Mail Order Traders' Association
Liverpool

Invest in housing for the future

Sir: Polly Tynbee's article on rent levels (21 July) is not far off the mark. The funding regime for our members, the housing associations and trusts, has meant higher rents. I have observed the knock-on effects with growing concern, including a higher housing benefit bill and shrinking incentives for those on benefit to take up employment.

Decent housing is critical to the success of policy areas ranging from social security and health to education and law and order. The Government's flagship policy, its welfare-to-work initiative, will face an unnecessarily uphill struggle if those coming off benefit find their increased income swallowed by housing costs.

The last government White paper, *Our Future Homes*, showed that between 1979 and 1994 we continued to spend £18bn on all forms of taxpayer support for housing, but the switch from bricks and mortar to personal subsidy meant significant investment cuts, rocketing benefit bills and the poverty trap so eloquently described in Polly Tynbee's article. The technical complexities of rebalancing subsidy arrangements are huge, but we must start with clear strategic objectives. Investment in homes rather than benefit must be a priority, lowering housing costs and creating an environment more likely to let people flourish.

Housing crises out for decent funding. The Government has made a welcome start, by releasing local authority capital receipts. Those of us who work in housing would urge the Government to think now about a long-term strategy to ensure that the nation is housed adequately and affordably.

JE COULTER

Chief Executive
National Housing Federation
London WC1

Home to bed, not parliament

Sir: Tina Thompson ("Feeding frenzy", 18 July) is quite right when she says that at 9.30pm small children should be in bed in peace and quiet. It has got nothing to do with "strenuous Victorian" values. It is simply the best for the child. Feeding time should be a quiet time where mother and child can concentrate on each other and not on a noisy debate. Being breast-fed in Parliament or the US Congress is not shocking. It is simply of no benefit to the baby.

ESOWELL

Generals Cross, Buckinghamshire

Gas vapours

Sir: One can but welcome Nelson Cunningham's concern for scientific literacy in environmental matters (Letters, 11 July). In the same spirit of accuracy, one should record that water vapour, in common with virtually all tri-atomic gases, is, in fact, a powerful greenhouse gas.

Without the benefit of the "benign greenhouse" effect caused by water vapour, the earth would have a mean temperature well below freezing. The other greenhouse gases, carbon dioxide, methane etc, add to the warming caused by the water vapour with a resultant enhanced greenhouse effect.

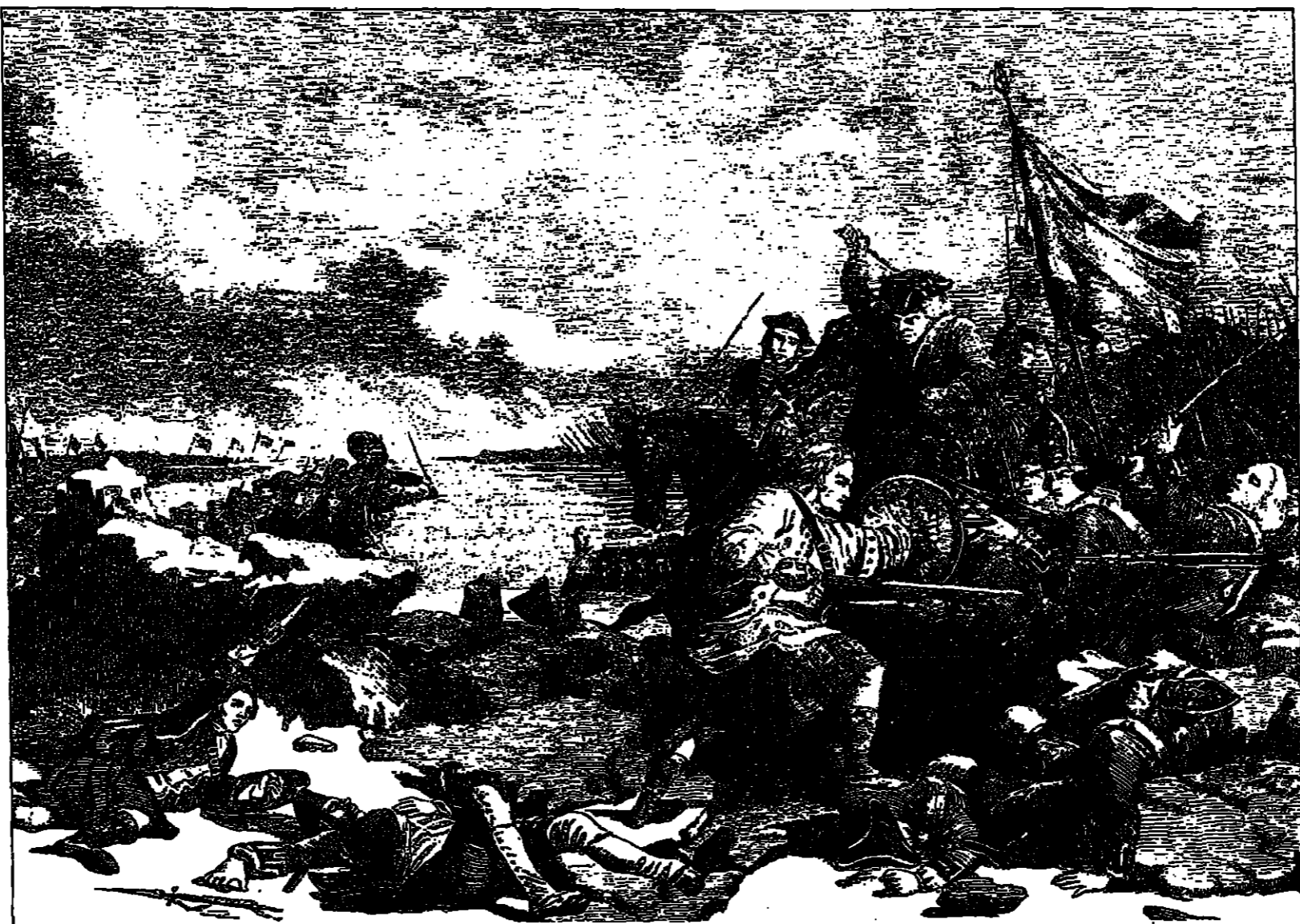
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essay

He who pays the piper should call the tune. England subsidises the Celtic Fringes, says Neil Lyndon, so its citizens should also have a vote on devolution for its neighbours



Should the English feel responsibility for such events and figures from the past as Culloden (left), William Wallace (top), Robert the Bruce, and Oliver Cromwell? Mary Evans Picture Library

Let the English voice be heard

Alex Salmond is not readily discomfited. Master of his facts, sure of his arguments, the Convenor of the Scottish National Party – formerly an economist in the oil industry and then with the Bank of Scotland – usually emits a constant air of confidence. When, however, a particular question is voiced, his cheeks seem to whiten a shade and his dark eyes flicker with alarm.

The question is this: Why are political and economic relations between the constituent countries of the United Kingdom to be determined solely by the wishes of the people of Scotland, Wales and Northern Ireland? If the people of England are the majority in the United Kingdom and if those other peoples depend upon England as the principal source of government wealth in the UK, shouldn't the people of England have a voice in the shaping of their relations with their neighbours?

Salmond's discomposure is momentary. He whips back an answer. "There is a case for a referendum on devolution for the whole of the United Kingdom," he says. Then he adds a

ridger which characterises the peculiarly inverted logic with which debate about the future of the UK is often infected. "But if the UK voted against," he says, "then Scotland would have to have its own referendum on independence."

Salmond explains that a referendum in the UK might replicate the grotesqueries of the last days of the Soviet empire, when the Baltic states were pressing for independence and the question was referred to a referendum of the entire Soviet electorate. The result was that the Russian majority determined that the Baltic minorities should stay in their subservient place. This could not be allowed in the UK, said Salmond. If the English majority voted to retain Scotland under the powers of Westminster, the Scottish people could not be bound by that vote but must be given the right to determine their own sovereign rights in their own exclusive referendum.

Thus, as often happens in this debate, a blind hare of argument is set running in circles of paranoia. On the face of it, Salmond's point seems fair; but the analogy upon which it rests is false. Scotland does not exist in political and economic

relations to England that are comparable with those of the Soviet Union and Latvia, Lithuania and Estonia. So far as anybody can tell, the majority of the people of England have no interest in enforcing political authority over Scotland (or Wales or Northern Ireland). So far as it is possible to see, the people of England are actively in favour of Scottish devolution. A proportion of them couldn't care less whether Scotland remains part of the UK or becomes an independent self-governing nation.

Very little evidence has been gathered to tell us what the English think about the future of the UK. During the past 30 years – since the revival of nationalist movements in Northern Ireland, the discovery of North Sea oil which reignited demands for Scottish independence and the rebirth of Plaid Cymru – argument about the government of the peoples of the British Isles has been dominated by the voices of minorities in the Celtic Fringes.

In September 1995, MORI presented a paper to a conference at London's Guildhall University with the title "The Scots Want Devolution, but do the British?". Based upon sur-

veys of representative samples of people in England, Scotland and Wales, this document remains one of the only authoritative guides to opinion on the mainland, as a whole, of the British Isles.

Participants were asked the question "If a majority in Scotland voted in a referendum in favour of setting up a separate Scottish assembly, with some taxation and spending powers, do you think they should be allowed one, or not?" Sixty-eight per cent of English respondents replied "Yes, they should be allowed." Fifteen per cent said "No, they should not be allowed."

MORI's poll asked a further question which produced striking results. Asked which form of government for Scotland they, themselves, would most like to see (as opposed to the form which might emerge from a referendum of Scots alone), 51 per cent of English respondents said they would like to see Scotland remaining part of the UK, but having its own devolved assembly with some tax and spending powers. The percentage of Scots who would favour that arrangement was 52 per cent, only one per cent more than the English. Nine per cent of the English even favoured the prospect of Scotland clearing out of the UK altogether and becoming a separate nation, an independent part of the European Union. Only 20 per cent of Scots favoured this option.

The English taxpayer's feelings about Scottish (and Welsh and Northern Irish) devolution or independence might be even more definite and ardent if he or she had a clear idea of the present costs and benefits to the UK Treasury of the Celtic Fringe peoples. Everybody's views might be more

clearly focused if we knew the answers to questions such as "What does Scotland cost or contribute to the UK Treasury? Is Scotland in surplus or in deficit to the rest of the UK, especially England? These questions touch on the most fundamental principles of democracy in these islands. The watchwords here are those of Lord Camden in a debate on the American Colonies in the House of Lords, 10 February 1766: "Taxation and representation are inseparable... whatever is a man's own, is absolutely his own; no man hath a right to take it from him without his consent, either expressed by himself or his representative."

If Scotland produces more wealth for the UK than it consumes, then the case for Scotland to determine its own relations with the UK, for itself, is incontestable.

Why should the rest of us have any voice in deciding whether or not another people should continue to subsidise us? If, however, the true position is that England subsidises Scotland, if it is true that every English taxpayer is providing benefits to Scottish citizens, then the question is reversed. Why should the Scots, as dependent beneficiaries, have the sole voice in determining whether or not they should continue to be subsidised? Should not the English taxpayer have a say?

"I love this debate," says Alex Salmond. "It's what I came into politics to pursue. There is no argument about the true position. Treasury figures this year confirm that the UK is in deficit to Scotland. Between 1979-1995, Scotland recorded a £27bn absolute sur-

plus of revenue over expenditure to the London Treasury." This figure depends upon an assumption of Scottish ownership of 90 per cent of North Sea oil revenues. Even so, he says, it is not the full sum of Scotland's subsidy to the rest of the UK, which needs to take account of Scotland's inequitable share of GDP borrowing.

But far from there being "no argument" about the true state of fiscal relations between Scotland and the UK Treasury, there is, in fact, nothing but argument. The document everyone falls out about is the mildly titled "Government Expenditure and Revenue in Scotland 1994-5", published in October 1996 by the Economics Advice and Statistics Division.

The SNP has denounced these findings as being politically motivated, saying "the results were presented by ministers as evidence that Scotland was subsidised by

London." In turn, the SNP has been derided by Jim Stevens of the Scottish Labour Party and the University of Strathclyde for making "a puerile slur on the professional integrity of government economists".

Taking as it is to prove the true position regarding Scotland, there is, truly, "no argument" about Northern Ireland. Even Alex Salmond agrees that Northern Ireland stands in fiscal deficit to the UK Treasury. Given that deficit, ought not the people of Britain to be asked whether or not they wish to continue to subsidise Northern Ireland, containing as it does a substantial proportion of the population who detest the United Kingdom and, espe-

cially, its English majority? Alex Salmond blanches at this question. "It would not be an edifying spectacle," he says, "to see Britain renege upon its historical obligations and hang Northern Ireland out to dry. They (the peoples of Scotland, Wales and Northern Ireland) should be able to choose whether to be part of the UK, choosing their own destiny."

But why should they be given sole and sovereign right to exert that choice without an equal and reciprocal right being extended to the people of England to say whether or not they wish to continue paying for the peoples of the Celtic Fringe? What are these historical obligations Alex Salmond sees as being binding? Wallace, Robert the Bruce and Glencoe? Cromwell, the Battle of the Boyne and the martyrs of the Easter Uprising? It would indeed be most revealing if the people of England were to be asked to say what degree of interest, let alone of personal obligation and responsibility they felt for those historical events.

In his recent book *On History*, Eric Hobsbawm has written "history is the raw material for nationalist or ethnic or fundamentalist ideologies as poppies are the raw material for heroin addiction." Perhaps the debate about the future of the United Kingdom could be considered too important to be poisoned in the quagmire of history and "historical obligations." If Britain's constitutional arrangements are to be effectively modernised according to democratic principles, the question of fiscal relations between these islands offers more than enough for them to argue about. One of those peoples is the English. They ought to have a voice.

Why should the Scots, as dependent beneficiaries, have the sole voice in determining if they should continue to be subsidised?

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Funny business on the classroom circuit

I was up in London the other day, trying to find out which was the first train I could decently come home again on, when who should I bump into in the purlieus of Soho but my old friend Adrian Wardour-Street, doyen of British PR. "Adrian!" I cried. "What new devilry are you up to?" He winced at my rural heartiness and dragged me into a place where they sell very strong coffee in very small quantities. "Buy me an espresso and I will tell you," he said. "But speak softly, for I was at the River Café last night till late." "Good heavens!" I cried. "Does the River Café really exist? We provincial folk thought it was a joke manufactured by Londoners to make us jealous!" "No, no," he said. "It exists. It is not very real, but it exists."

"And where is it? I have no idea." "Nor I," he said. "I've only been there at night, by taxi." "So tell me, Adrian, what are you up to now?" He looked round cautiously. "I have a small child in tow."



Miles Kington

are never called Fatty? or, 'Remember how there was always one boy in the class who farted?' "Sort of." "This girl is harking back to her pre-school days." "I don't believe it!" "Oh, sure. After all, it's the only material she knows first-hand. She has one routine which starts: 'Hey, do you remember your first day at school? Wasn't that a pisser?'" "I don't believe it!" "Where does she get her material from?" "Well, you know how young comedians are always harking back to their school days for their material? Saying things like, 'Have you noticed that bullies at school

Adrian relentlessly, "and then, when she thought your attention was distracted, just vanished, right? And you saw your mum had gone, and you thought to yourself, 'That's it, I am five years old, my mother has gone and I now have to fend for myself, for the rest of my life, and the only person I have to help me is a teacher who is plainly off her push chair because she is saying, 'Victoria, how would you like to learn how to make a little doggy out of spaghetti hoops?' and I want to say, 'Lady, you are exactly the kind of incompetent teacher that David Blunkett is going to leave on the doorstep for the binmen to take away', but I can't, because I am in this madwoman's power, so I say to myself, 'I have been abandoned by my mother, I have two choices. I can cry non-stop for the rest of the day or I can do really wicked things in my underwear...'" "Stop!" I cried. "I cannot believe this!" "Nor could I," said Adrian gloomily. "Then she does the routine about how to embarrass your parents by asking about sex, and a routine about gay clergymen."

"What kind of a routine can an eight-year-old girl do about gay clergymen?" "It goes a bit like this," said Adrian dully. "Hey, girls, want to know how to get the wind up your mother? Just say to her, 'Mum, what's a gay clergyman?' And she'll say to you, 'Well, dear, when two men are very fond of each other...'" and you say, "Oh, Mum, I know what gays are! What are clergymen?" And she'll be so freaked out by thinking that you know all about sex and nothing about religion that she'll demand that your father gives you a God talk! Can you imagine? Your embarrassed father saying, 'Well, have you ever wondered where the birds and the bees come from?' and you saying, 'Well, father, I imagined they evolved from primitive flying organisms by Darwinian process...' and him squirming because it is so embarrassing for him to talk about God, more so than sex ever was..." "Stop!" I cried. "I want to hear no more!" "You will," said Adrian grimly. "You're going to hear a lot more of her before she is very much older."

The Siberia pact is a chilling omen for Hague

Well, we missed it. While the Treaty of Novosibirsk was being hammered out, the British press was fast asleep. Round the round the prime ministerial aircraft walked Tony Blair and Paddy Ashdown, keeping carefully inside the red lines Russian immigration officials had painted on the tarmac.

In the early morning sunshine of Siberia, as the hacks snoozed through the stopover on the way back from Hong Kong, the two party leaders negotiated their substantive agreement. Its ultimate significance can only be judged years hence, but, unlikely as it may seem, Novosibirsk may take its modest place alongside Maastricht and Limbouse as the unlikely scene of a deal with huge consequences for British politics.



Andrew Marr

One has to conclude that Blair and Ashdown meant what they said about a new style of politics

It may not seem very much, the creation of a "joint cabinet committee" comprising six members of the governing party - Tony Blair, John Prescott, Gordon Brown, Jack Straw, Robin Cook and Ann Taylor - and five from the Liberal Democrats, including Ashdown, Menzies Campbell and Bob MacLennan. Whether it can reasonably be called a "cabinet" committee at all must be questionable. Is it, therefore, simply another talking shop, which will meet irregularly and go nowhere - a sop to the Lib Dems? Well, the treaty-makers don't think so; and nor do the seething critics of the deal in both parties.

This agreement was not forced on the Prime Minister by the election. It is not a case of politicians being pushed together in a shotgun alliance. On the face of it, Blair has opened the door of government to a party that received far fewer votes and seats than his, and agreed to discuss some of the most sensitive issues with it.

In fact, both Blair and Ashdown have taken a considerable risk. By including the Liberal Democrats in formal discussions on constitutional reform - continuing in government talks which began in opposition - Blair knows he will alienate some in his party. There are senior and vociferous, though so far private, critics of this whole business. Furthermore, Blair now exposes himself to a high-profile walkout if he reneges on any key part of the reform agenda - the Lib Dems could "do a Heseltine". One day, that might be damaging.

Ashdown, by contrast, risks incorporation. One of the most striking and repetitive themes of the new administration is the way in which it reaches out, and pulls possible critics or opponents into its embrace. Outspoken business leaders, newspaper owners, vocal and popular leftists (like Tony Banks); pundits; all have been offered chairs, access and sometimes jobs.

Is this soft, dissent-calming embrace simply being extended to the Liberal Democrats, as the main non-Labour voice of radicalism, in order to defuse a possible source of embarrassing parliamentary opposition? Is it all about lulling them to sleep? Lib-Dem critics will say yes, of course; Mr Ashdown will be under

pressure to demonstrate that his party is as wide-awake as ever, by encouraging it to attack Labour fiercely where the two do not agree.

These risks are hardly lessened by the fact that the two parties are going to be talking about policies they may quarrel over. Once the parties get down to the nitty-gritty of the membership and agenda for the commission on electoral reform, for instance, there is ample room for serious disagreement. Ditto Scotland, Lords reform and the Bill of Rights.

So why, given the risks, did the Siberian compact happen at all? Blair didn't have to do this. Ashdown has no pressing need to get into a row with some of his more traditional MPs and party officials.

One hesitates to say this. As a hack one is pre-programmed not even to think it. But one is driven to the inescapable conclusion that Blair and Ashdown meant, all along, exactly what they said; that their rhetoric about pluralism and a new style of British politics is sincere; and that they are long-term politicians in every sense.

That does not mean that cold political advantage is irrelevant. Far from it. Unless this is a false Siberian dawn (which I doubt), it is another stage in a reshaping of politics which is hugely in Blair's interests and in the interests of the reformist, pro-European and liberal politics which Ashdown also represents. As Peter Mandelson said in his book *The Blair Revolution*, members of the two parties "want to right the same wrongs, to end the same injustices" and their remaining differences "are becoming increasingly blurred".

Now we have, as of yesterday, a situation where those members share what is effectively a common leadership on some of the main questions of the day. Today, the constitution; tomorrow, surely, Europe too.

Just think what that means for yesterday's ruling party. Already some moderate Conservatives are in near-despair about their leadership and medium-term prospects. If William Hague is naïve enough to continue to push the anti-Brussels, anti-reform agenda very hard, he will find people peeling away. Some such private discussions have already begun.

At that point, an invulnerable-seeming alliance of moderate and pro-European politicians, running right across from the old Tory left to the old Labour centre would start to emerge under Blair's leadership. Unless they changed their tune, the Conservatives would be in danger of shrivelling to a dissenting faction - a party of splenetic commentators - and the traditional markers of party politics would blur.

Whether, in the long term, that would be good for democracy. I rather doubt, though dissent and criticism will always bubble up somewhere. But it would clearly be good for New Labour, and the Liberal Democrats, and all their supporters in the country. At first sight, the Treaty of Novosibirsk looks innocuous and small. It is neither. Wise opposition MPs will sniff the wind from Siberia, and shiver.

Graduates turn their backs on corporate life

by Hamish McRae



For many high-calibre graduates, starting their own business is more attractive than climbing the company ladder

The alarming thing about huge pay-offs is what they say about the attractiveness of top jobs - fewer really bright people want them

Most people's reaction to the news that yet another executive has been sacked with a golden handshake is one of outrage: what an extraordinary world we live in when failure is rewarded far better than success.

The numbers can certainly be extraordinary, particularly in the United States. Last week John Walter was ousted as president of AT&T, the telecommunications giant, and will receive nearly \$20m; earlier this month Gilbert Amelio left Apple Computers with \$7m, which looks quite modest when compared with the \$90m paid to Michael Ovitz when he left Walt Disney last December.

Here the numbers may be smaller, but still are far beyond the imagination of most ordinary working people. This week United Utilities got rid of Brian Staples, its chief executive, who will receive an estimated £600,000 for two years of basic pay, plus perhaps other benefits. All this makes the £10,000 a month being paid to Sir Jeremy Isaacs - not for failure, just for resigning early from the Royal Opera House - a pure bargain.

The response of many people to these pay-offs is that there should be some restriction on the contracts that lead to them. British institutional investors have sought to cut the length of such contracts, for it is early termination that leads to the big pay-out. In the US similar pressures for change are mounting.

But what should really be alarming about the trend towards large pay-offs is not so much their apparent unfairness, but rather what they say about the relative attractiveness of top jobs. The pay-offs are just a symptom of a much more destructive ailment: fewer and fewer really bright people want to take on top jobs.

Apple Computers is a prime example. As we reported yesterday, the company very much needs a new chief executive. It has gone to a head-hunting agency, but apparently the job is not attractive to any established figure in the computing industry. Now you could argue that Apple is a special case, for it has been making enormous losses. But the core business seems sound. It surely ought to be possible to get good people.

It is difficult - and from my own conversations with business people, filling top jobs is now always difficult - this must be because the risk/reward ratio has shifted adversely. The risks

are greater than ever before (with ever-changing products, more demanding customers, and stock-holders watching every quarter's earnings). The rewards do not seem particularly great when compared with safer, less stressful jobs that still pay considerable salaries. Result: companies have been ratcheted up further and further, and no one who is any good will take on a tricky job unless there is an enormous golden parachute available if things go wrong and they have to bail out.

If that seems alarming enough, there is an even deeper layer of concern: if top jobs are, relatively speaking, less attractive, how do you get good young people into companies in the first place?

Three of four years ago I was talking with a personnel chief at one of the five largest companies in the world. He was seriously worried because his company felt that it could no longer attract the best people from

universities. The firm had to make do with the second and third best, which would in another 20 or 30 years' time be a disaster for the firm. The best, he believed, went either into investment banking or management consultancy, both of which paid more and offered more fun.

Now it is not even clear that these two favoured professions can attract the best. Sure, they can pay very well, but that is not enough. As we have been reporting in this paper, many young people are rejecting the corporate life and its values. It is not just that they do not want to get home, night after night, at 10pm and be in at 7.30 the next morning. It is also a question of values: the best want a freedom that no large bureaucracy can easily offer.

For them, too, the relative attraction has shifted. The grind is tougher than it used to be; and there is now a host of other ways of earning a good living, maybe even a better

one. For many that means starting their own business. In many ways this is wonderful. One of the reasons for the sustained growth of employment in the US is the enormous numbers of new businesses being created. Big companies downsize; small ones hire. Here in the UK we have much higher levels of new business creation than on the Continent. More than half Europe's venture-capital industry is here in Britain. Seismic changes are taking place in technology which make it much easier for small business to create high-quality goods and services, particularly in software, entertainment, and some branches of high technology.

The success of entrepreneurs is reflected in social attitudes. Start a small business, make a fortune and you are hailed as a hero. Grind your way up a large one, get a substantial salary plus some stock options and you are pilloried as a fat cat. No wonder many of the

best of the young prefer to be on their own.

But if this is good for one part of the economy, it also carries the gravest dangers for others. If our large companies have to pay more to keep their top people that is certainly a worry. But if they cannot hire the best of the young that is an even greater worry as inevitably they will shrink, losing even more jobs in the process. If even consultants and investment banks, those darlings of the 1990s, are finding it harder to recruit and retain their too will soon start that long, slow, painful process of decline.

There are two responses to this. One is to say that this is economic Darwinism: that the decline of the present batch of large companies is natural and inevitable, and we should just be relieved that new businesses are sprouting to take their place.

The other is to say: wait a minute, surely it should be possible for large enterprises both to think of better ways to plan changes in top management, and even more important, to create an environment which is more attractive to the potential top managers of 20 years' time. Meanwhile, next time you read of a golden handshake do not be outraged (well, not far too long); be concerned.

Doctors must accept that they have to play God

Some years ago my father had a coronary bypass operation for heart disease. The first question the surgeon asked when assessing him as, "How old is your youngest child?" he unstated message was that patients with young families to care for would get priority. My father, who then had a nine-year-old daughter, got his operation in six weeks although he had been told he was waiting list was four months.

That seemed to me then - in 1981 - odd. Of course I am biased. For all I know someone else on the waiting list died because the surgeon, the most eminent in his field at the time, helped my father to jump the queue.

Michelle Paul, the 15-year-old berden girl who suffered liver failure after taking half an Ecstasy tablet, was snatched a liver transplant because someone else was judged to be in greater need. Yesterday, Aberdeen's Sheriff's court ruled that the decision was made on medical, not moral, grounds. The transplant surgeon, Dr Hilary Sanfey, and her colleagues at Edinburgh Royal Infirmary told the court that Michelle had suffered irreversible brain damage.

But Dr Sanfey admitted that social problems such as drug taking had to be taken into account when considering high patients were suitable for transplant. Success is not achieved when the transplanted organ, with newly sorted organs, is discharged from hospital. There follows a strict lifelong game of drugs and medical tests that must be followed rigorously if the organ is to last. Doctors have to make a judgement about whether the patient is capable of following such a regime. Is it a medical or a moral decision?

There is intense debate about these issues within transplant units - and voiced them. Sir David Carter, the chief medical officer of Scotland and former director of the liver unit at Edinburgh Royal Infirmary to which Michelle Paul is admitted, said last year that a back-

It is right that surgeons deciding who should receive transplants should consider social factors, says Jeremy Laurance

ground of drug or alcohol abuse in a patient "coloured the thinking" of surgeons assessing them. Alcoholics would be required to stop drinking for at least six months before their case for a transplant would be considered, he said.

Sir David was asked if this did not amount to playing God. His response was instructive: "I think that's inevitable if you practise medicine. We are making clinical decisions that affect life and death all the time. Part of the calculation of risks and benefits involves the setting to which the patient returns and the ability they have to cope medically and socially with the pressures."

Few doctors are prepared to speak as frankly as Sir David but all know that social judgements frequently intrude into medical decisions. Doctors have a responsibility to use limited NHS resources to the best effect. Sometimes, as in my father's case, a decision whether or not to treat (or how soon) has ramifications beyond the immediate patient. The judgement becomes clearly moral when doctors attempt to assess the social worth of patients rather than limiting themselves strictly to calculating the benefit treatment can bring. This was the charge levelled by Michelle's grandmother, Margaret Pittie, who asked the doctors who had refused her grand-daughter a transplant why they refused. She described her grand-daughter as a "former Rangers and England soccer star, Jim Baxter, whom she described as a 'real footballer'".

been entitled to two liver transplants. Mrs Pittie claimed, in effect, that the doctors had rejected Michelle because she was a drug user with no social standing who had brought her problems on herself. The refusal of treatment on such grounds is clearly unacceptable.

A related row erupted in 1993 over the case of Harry Elphick, a 47-year-old smoker who was told by consultants at Wythenshawe hospital, Manchester, that they would not conduct a test to determine whether he needed heart surgery unless he quit his 25-a-day habit. He reluctantly complied but died before he could see doctors again.

Such cases have worried the profession. A BMA survey in 1993 found that one in four junior doctors said smokers and drinkers should get lower priority for treatment, prompting the association to warn doctors not to deny patients treatment solely because of their lifestyle, and to resist pressure to treat "low risk, high benefit" patients to obtain the best value for money. The only consideration for the doctor should be whether the patient was likely to benefit from the treatment, it said.

The BMA is right to insist that doctors strive to ensure that patients are in the best condition to obtain the maximum benefit from treatment. On that basis, doctors have successfully argued that social issues such as smoking are indistinguishable from medical issues. When resources are limited it is also right that they should choose who is to be treated (or how soon) on the basis of clinical need and the chances of success. Livers are in short supply and it would be a derogation of the doctor's duty to ignore circumstances which could affect the outcome of treatment.

Whether such considerations should include the impact of treatment on the wider family, as in my father's case, is more controversial. Some argue that such decisions are too important to be left to doctors. The answer to them is that they are too important to be ignored.

Preserve the lewd labourer and other building sights

If the construction industry has its way, building sites of the future will be populated by polite, well-dressed men who avert their gaze when members of the opposite sex walk by. The Considerate Constructors' Scheme, launched last week, aims to improve the industry's image by outlawing sloppy appearance and lewd behaviour. Wolf-whistling labourers who wear their trousers at half-mast will be sent home by firms that sign up.

While the scheme will be greeted with relief by the legions of women whose hearts sink at the prospect of passing a building site, others will mourn the demise of a phenomenon that is as integral to the English summer as rain at Wimbledon.

We are talking, of course, about Builder's Cleavage, that vision of white flesh spilling over an imprudently positioned waistband, that glimpse of a part of the anatomy rarely displayed outside the bedroom. Not the most edifying spectacle, particularly on an empty stomach, but surely a part of our rich cultural tapestry.

There are other compelling reasons why the scheme should be resisted. This is not a trade renowned for its punctuality. What time will the builders turn up if they spend hours in front of the mirror in the morning? Tea breaks will stretch on for ever as clothing is anxiously checked and adjusted.

Certainly, the issue begs several questions. Why do builders buy trousers that are too small and will inexorably descend to a location

below the beer gut? Are they not aware of the invention of the belt? Does the trade attract only men who enjoy leering, or do they pick up the habit after joining? Are builders born, or made?

Better, instead of dwelling on such matters, to contemplate how colourless life would be without them. Builders, after all, are the purest incarnation of that endangered species, unconstructed male. As such, they are a useful yardstick

to judge how far modern men have really progressed. Builders have evolved, too. Keen observers of the breed will have spotted a new phenomenon that reflects changing fashions. This is Builder's Boxer Shorts, visible when that garment rides up over the top of the trousers.

But builders are not just comical; they are a walking health warning. With those huge greasy breakfasts, mugs of tea with three sugars, and 40 fags a day, it is a marvel that they are actually alive. And if their calls offend, imagine how addled their brains are on a daily diet of Radio 1. Remember too, that a rough exterior may conceal a sensitive, poetic soul. Beneath that dirty singlet may beat a heart yearning for romance.

Companies are already joining the new scheme, so if you come across a group of builders looking forlorn, don't be surprised. And if you want to raise their spirits, try those immortal words: "Cheer up, love, it might never happen."

Kathy Marks

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Arnault launches raid on GrandMet shares

Andrew Yates

Bernard Arnault yesterday opened a fresh front in his campaign to block the planned £23bn merger between Grand Metropolitan and Guinness, by juggling shareholdings held in both the UK drinks companies through his French luxury goods group, LVMH.

In a move that caught the stock market completely by surprise, the flamboyant Frenchman launched a raid on GrandMet's shares and simultaneously started to reduce his holdings in Guinness. The move came less than a week after he made an embarrassing U-turn over his alternative plan to merge the drinks business of

all three companies and demerge GrandMet's food manufacturing and fast-food operations.

Dealers said yesterday that Mr Arnault probably spent more than £450m buying GrandMet shares, taking its stake in the company past 10 per cent. LVMH part funded the purchase by reducing its stake in Guinness from 14.2 per cent to around 12 per cent, raising more than £200m in the process.

According to an LVMH spokesman, Mr Arnault was prepared to carry on amassing shares in GrandMet and reducing his holdings in Guinness in an attempt to gain enough stock to block their merger.

"Mr Arnault and LVMH now have a variety of options and buying more shares in GrandMet and selling more in Guinness is one of them," the spokesman added.

Analysts believe that Mr Arnault could end up with enough shares to scupper the Guinness-GrandMet deal. "Mr Arnault is trying to scare GrandMet and Guinness into doing a deal with him. He would end up with around 18 per cent of GrandMet if he sold all his Guinness shares and bought GrandMet shares with the proceeds. That could well be enough to block a merger," said one leading drinks analyst.

To block the deal LVMH needs to

have at least 25 per cent of the stock owned by those GrandMet shareholders that attend a meeting to sanction the merger. An 18 per cent shareholding in the company could well be enough to carry the vote, given that not all GrandMet's private and institutional shareholders are likely to attend such a meeting.

Mr Arnault is determined to force Guinness and GrandMet to accept alternative merger plans he formally tabled, and subsequently amended last week to create a £15bn wines and spirits business, comprising the Moët Hennessy part of the LVMH group, the IDV drinks arm owned by GrandMet and the United Distillers

business of Guinness.

Originally, Mr Arnault was seeking a 35 per cent stake in the new group but was now willing to accept a much lower stake, perhaps less than 30 per cent, to appease Guinness and GrandMet shareholders. But Guinness and GrandMet have rejected the proposals.

LVMH has chosen to increase its stake in GrandMet as it was blocked from increasing its shareholding in Guinness. "Mr Arnault undertook not to increase his shareholding in Guinness but there are no restrictions on him selling shares and he could sell his whole stake," a Guinness spokesman said yesterday. Mr Arnault had already spent more than

£800m buying a 6.4 per cent stake in GrandMet prior to yesterday's raid.

Dealers yesterday said that BZW, LVMH's broker, was offering to buy three GrandMet shares for 630p as long as the seller was prepared to buy two Guinness shares for 600p. GrandMet's share price closed at 622p, up 16p on the day while Guinness's price slipped 9.5p to 598p.

"Mr Arnault could have financed the deal without selling shares in Guinness. But it would have been tight and he has already spent a lot of LVMH's money to get a deal. This is a clever and sensible way to fund the deal," one analyst said.

The raid on GrandMet's shares came just 24 hours after he tendered his resignation from the board of Guinness. He has been at loggerheads with the board and Guinness's chairman, Tony Greener, since the UK drinks group informed him of its merger plans in May. "Mr Arnault's resignation is likely to be ratified by Guinness' board tomorrow. Now he is no longer a director he can sell more shares even though our closed season begins tomorrow," a Guinness spokesman said.

Mr Arnault plans to woo institutional shareholders by holding a series of top level meetings over the coming weeks.

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\$1.7bn deal makes BAT Mexico king

Sameena Ahmad

BAT, the tobacco to insurance group, is buying Mexico's largest cigarette maker for US\$1.7bn (£1bn) in a move which vaults it past rival Philip Morris in the lucrative Mexican tobacco market.

BAT said the acquisition of Barcelona-based Cigarrera La Moderna (CLM), part of the seeds and packaging combine Empresas La Moderna, would give it over 50 per cent of the Mexican market.

Mexico is the world's 15th largest tobacco-selling market, with sales of more than 47 billion cigarettes a year. CLM's only rival is Cigarrera, which is 50 per cent owned by Philip Morris and which has a 45 per cent market share. Martin Broughton, BAT's chief executive said: "I wish there were more opportunities like this. This offers us the rare opportunity to buy a sizeable and very profitable player in a growth market."

CLM owns three of the top five brands in Mexico - Boots, Raleigh and Montana. The move will also increase BAT's stranglehold on the Latin American cigarette market, where it currently has a 60 per cent market share.

Analysts agreed that a move into Mexico made sense, but some were concerned about the timing of the deal, which follows just weeks after the US tobacco industry agreed a tentative \$368m settlement against future tobacco litigation. Mark Duffy, analyst at SBC Warburg said: "This is fine strategically, but it's an odd time given that BAT doesn't know how much it will be spending on US litigation."

Another analyst said: "Cigarettes will become increasingly litigious outside the US, but BAT seems to be putting on a brave face and saying there's still life in tobacco."

However, Michael Pridoux, a spokesman for BAT insisted that it is business as usual: "Our company doesn't stand still just because difficult things are happening in the US."

The deal, which BAT believes will add \$140m to its tobacco profits, which reached £245m in 1996 and will be broadly earnings neutral in the first full year, takes the company into a fast-growing and litigation-free new market. Mr Pridoux said: "US style litigation is not likely to cross the river. Smoking-related litigation is very rare in Mexico. There is less incentive to litigate as there are no punitive damages. The causal link between someone causing an injury and the injured is also harder to prove." The Mexican economy has also stabilised over the last few years, with consumer spending recovering and GDP forecast to grow at 3 per cent a year over the next ten years. According to Mr Pridoux GDP is the main driver of sales of branded cigarettes. BAT also has the option of using 15 billion cigarette spare capacity at the CLM plant to export.

Empresas La Moderna was previously owned and managed by BAT, but during the 1970s, the group was required to reduce its shareholding to 50 per cent by legislation restricting all foreign investment in Mexico. The minority was finally sold in 1989. According to one analyst: "This is a good buy. BAT knows this business and market already. And now is a good time to get into the market." Philip Morris recently increased its stake in Cigarrera from 29 per cent to 50 per cent.

The terms of the deal, which comprises \$1bn in cash, a \$500m loan note and \$212m debt, involves BAT taking a 50 per cent share now with the option to take full control at no extra cost. Full control is likely by the end of this year. The deal pushes up BAT's gearing from around 40 per cent currently to over 60 per cent. BAT's share of any US litigation settlement would take that to over 80 per cent.

However, the company was not worried by the level of debt. "We've been there before when we bought Farmers. Interest cover will still be comfortable."

An amnesty for garden sprinklers and a warning for the water companies



Mike Kinski, chief executive of Southern Water, part of ScottishPower, stands on top of a mountain of garden sprinklers handed in by customers in exchange for less thirsty water spray guns under an 'amnesty'

announced by the utility. Southern said it had handed out 40,000 spray guns in 10 days. Meanwhile Ian Byatt, the director-general of Ofwat, the water industry regulator, has warned that any water company that fails to

deliver on mandatory leakage targets could face a special administration order. Ofwat's ultimate regulatory power that effectively places a company into administration through the courts. Photograph: PA

Late deal expected over Boeing merger

Sarah Helm
Brussels
David Osborne
New York

Expectations were high in Brussels and Washington last night of a last minute deal between the US and the European Union over the proposed \$14bn (£3.4bn) Boeing-McDonnell Douglas merger, which could prevent a trade war.

Karel Van Miert, the EU commissioner responsible for merger decisions, told European foreign ministers, meeting in Brussels, that Boeing had pre-

sented new proposals which were being urgently examined. A Commission decision to block the merger had been expected today.

Robin Cook, the Foreign Secretary, voiced optimism about a deal, saying the new proposals related to Boeing's exclusive contracts with three airlines - Delta, Continental and American - under which the carriers cannot buy from other manufacturers. The issue of exclusive contracts was one of three reasons given by the Commission for opposing the merger.

The merger would cut the number of large commercial

aircraft producers from three to two, wrapping McDonnell Douglas's commercial airline operations into those of Boeing. The EU is concerned that a newly enlarged Boeing - which already accounts for 60 per cent of the sales of large commercial aircraft - would enjoy an overwhelming competitive advantage over Airbus Industrie, the European aircraft consortium.

Details of the new proposals were not immediately available, but Mr Cook said: "It remains a very real possibility that it will be possible to reach agreement."

In the US, President Bill Clinton said he had focused on the issue over the past three days and would continue to do so. "I think there is a way to work this out. I am hopeful that by Wednesday, when the Commission meets, an agreement will have been reached."

The President said the key concern in the US was "that only the anti-trust considerations play a role in this decision and that we do everything we can to avoid a more political decision, which would lead to an unfortunate trade conflict between the United States and Europe."

The White House had previously warned that it would challenge any move by Brussels to block the merger.

Despite the apparent breakthrough, there were still signs of tension on both sides of the Atlantic last night. A group of 50 US Representatives from California, yesterday called on the President to keep a stiff resolve in dealing with Brussels. "The President needs to draw the line because it is clear that we are on the right side of the competition question," declared Representative Jerry Lewis.

High noon turns to high camp at Hambro shoot-out

Tom Stevenson
Financial Editor

After 25 years in the chair, Lord Hambro would have chosen different circumstances in which to bow out from his eponymous banking group, but he wasted no time addressing the only issue exercising a packed annual meeting, High Noon at Tower Hill, it had been billed, and Charlie came out guns ablazing.

He would take no questions on the Co-op affair or the Norton Rose report into Hambro's

role, he said. "I believe, however, that we acted quickly and decisively in commissioning an independent investigation and acting on it. We have received resignations from all the directors we believe it is appropriate should leave the bank."

Sir Chips Kewick, his successor, for whom by implication it would not have been appropriate to resign, agreed that a line had been drawn under the affair as far as the bank was concerned. But the first non-family member to head the

company since Carl Joachim Hambro set up shop on King William Street in 1839 admitted the Bank of England and Securities and Futures Authority, Hambro's regulators, might beg to differ.

Despite the resignations of Nigel Pantling, head of corporate finance, Peter Large and Andrew Salmon, Hambro's is continuing to discuss the failed £1.8bn bid with the Bank and SFA. Sir Chips said the regulators would probably not make a judgement for a couple of

months. In the meantime, the hunt for a group chief executive was off - "we had too many layers before and now we have one less", Sir Chips confessed.

The unfortunate Andrew Logan senior turned his attention to steering his swan-song back from the brink of farce. It had been taken there by an octogenarian rabble-rouser calling himself Mendax who is fast becoming a regular fixture at annual meetings.

Was the number of pensions

trustees defective, excessive or perfect, he demanded to know of the puzzled chairman, only partly in Latin. And would the newly reappointed finance director care to "stand up and click his heels". Smiling serenely, Hambro's senior bean-counter did as requested.

Undeterred, Mendax turned on former Bank of England Governor, the Right Honourable Lord Kingsdown, a Hambro non-exec, to follow suit. "I did," cried Sir Robin. "He already did," cheered the

shareholders. High Noon? High Camp, some muttered.

It was time to recall happier times. Lord Hambro arrived at the family bank 40 years ago, a fellow new boy told the meeting, to embark on the 1950s merchant banking equivalent of boot camp. "We were taught how to add," former company secretary Andrew Gibson-Wait told shareholders - "something our expensive education had failed to prepare us for." Hambro's echoed the unfamiliar sound of laughter.

Profits up by 176% at Stagecoach

Michael Harrison

The rail and bus group Stagecoach ran into a fresh barrage of criticism yesterday after unveiling a 176 per cent leap in profits and announcing that Sandy Anderson was quitting the board less than a year after making a £36m profit on the sale of the Porterbrook train leasing company.

The huge increase in profits from £43.6m to £120.5m outstripped even the most bullish of analysts' forecasts and was due to the acquisition spree Stagecoach went on last year. It added to Porterbrook and the South West Trains franchise, it also picked up the Isle of Wight rail service and a Swedish bus company.

Stagecoach said the widely publicised problems with South West Trains earlier this year had cost it £3m in fines and lost revenues after the company gave passengers a day of free travel as compensation for the cancellation of hundreds of services due to a shortage of drivers.

Brian Souter, the Stagecoach chairman, blamed the fiasco on junior management who had made the "elementary error" of failing to take into account holiday entitlements when SWT cut driver levels by 10 per cent and had to retrain large numbers of

remaining drivers on new routes.

Mr Souter maintained, however, that SWT could make similar manpower reductions over the next two years and not affect profits. In its first full year of ownership, SWT made an operating profit of £7.7m on revenues up by 8 per cent to £283 after receiving £63.4m in government subsidy. Staff levels fell by 400 to 3,600 - largely reflecting the cut in driver numbers - but SWT took on an extra 70 revenue protection inspectors.

Porterbrook, which was bought for £815m, setting Mr Anderson and his City backers a £300m profit just six months after they acquired the company from the Government, made a profit of £80m on turnover of £180m.

But Mr Souter stressed that since the takeover, it had won new train orders worth £280m from five of the 25 train operating companies and was in the vanguard of investment in the privatised rail industry.

Mr Anderson is to step down as a Stagecoach director at this year's annual meeting "to devote more time to his other business interests". But Mr Souter said he would remain as Porterbrook's chairman and work closely to find a new chief executive for the business over the next year.

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STOCK MARKETS					
Index	Close	Day's change	Change (%)	1996-97 High	1996-97 Low
FTSE 100	4846.70	+11.00	+0.2	4964.30	4056.60
FTSE 250	4461.30	+2.30	+0.1	4729.40	4386.20
FTSE 350	2325.40	+15.20	+0.7	2373.70	2017.90
FTSE SmallCap	2189.97	+0.49	+0.0	2374.20	2178.29
FTSE All-Share	2273.91	+14.42	+0.6	2316.03	1938.78
New York	7829.02	+32.30	+0.4	8033.39	5032.94
Tokyo	20137.02	-92.30	-0.5	20681.07	17303.65
Hong Kong	15448.78	-39.52	-0.3	16206.29	12056.17
Frankfurt	4230.42	+135.60	+3.1	4230.42	3848.77

Source: FT Information

INTEREST RATES																																								
Short sterling** 			UK medium gilt* 			US long bond 																																		
<small>* 10 years 2 1/2 %</small> Money Market Rates <table border="1"> <thead> <tr> <th>Index</th> <th>1 Month</th> <th>1 Year</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>6.72</td> <td>7.44</td> </tr> <tr> <td>US</td> <td>5.56</td> <td>5.97</td> </tr> <tr> <td>Japan</td> <td>0.41</td> <td>0.72</td> </tr> <tr> <td>Germany</td> <td>3.13</td> <td>3.34</td> </tr> </tbody> </table>			Index	1 Month	1 Year	UK	6.72	7.44	US	5.56	5.97	Japan	0.41	0.72	Germany	3.13	3.34	<small>* 10 years 2 1/2 %</small> Long Bonds <table border="1"> <thead> <tr> <th>Index</th> <th>3 Months</th> <th>6 Months</th> <th>1 Year</th> </tr> </thead> <tbody> <tr> <td>UK</td> <td>7.00</td> <td>7.99</td> <td>7.03</td> </tr> <tr> <td>US</td> <td>6.23</td> <td>6.75</td> <td>6.97</td> </tr> <tr> <td>Japan</td> <td>2.26</td> <td>3.36</td> <td>5.95</td> </tr> <tr> <td>Germany</td> <td>5.54</td> <td>6.40</td> <td>6.30</td> </tr> </tbody> </table>			Index	3 Months	6 Months	1 Year	UK	7.00	7.99	7.03	US	6.23	6.75	6.97	Japan	2.26	3.36	5.95	Germany	5.54	6.40	6.30
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CURRENCIES					
Index	Yesterday	Change	Year Ago	Index	Yesterday
£/\$	1.6787	-0.13c	1.5474	£/DM	0.5984
£/¥	1.6790	+0.35c	1.5480	£/N	0.9559
DM/\$	0.6094	+2.52c	2.3022	DM/£	1.6727
¥/\$	159.652	+0.522	167.478	¥/£	115.615
£/Ind	105.7	+0.5	94.7	Ind/£	104.2
OTHER INDICATORS					
Index	Yesterday	Change	Year Ago	Index	Yesterday
Oil Brent \$	18.23	+0.11	19.22	RPI	157.5
Gold \$	328.00	+1.25	384.35	£/RPI	111.8
Gold C	195.52	+0.20	240.38	Base Rates	6.75pc

مكتبة من الأدب

صلى الله عليه وسلم



COMMENT

'Mr Arnault's latest manoeuvring in the Guinness/Grand Metropolitan saga suggests either stupidity on a grand scale or a determination of such steel and persistence that maybe, just maybe, he will end up getting his way'

A gambler in the James Goldsmith mould

Who says there will never be another like Sir James Goldsmith? Bernard Arnault may not be of quite the same angry, leonine temperament as Sir James, but he certainly seems to share some of the late financier's capacity for surprise, the grand gesture, and the calculated gamble. For whether there is also brilliance and vision in his thinking, we'll have to wait and see.

His latest manoeuvring in the Guinness/Grand Metropolitan saga suggests either stupidity on a grand scale or a determination of such steel and persistence that maybe, just maybe, he will end up getting his way. So what's his strategy here? From the outside it certainly looks a costly one. He's selling down his stake in Guinness at prices of between 580p and 590p in order to build up his position in GrandMet at prices of up to 630p. Since under the terms of the merger the two prices are meant to be the same, this is plainly a high risk enterprise.

The point is, however, that Mr Arnault has given a legally binding undertaking to Guinness not to increase his stake in that company beyond 14.2 per cent. He's under no such obligation with GrandMet, where his stake last night moved over the 10 per cent mark. That now gives him the ability to requisition shareholder meetings in both companies, at which he could presumably get a full hearing for his alternative proposals. But actually that probably

isn't his game, was the word from the Arnault camp last night. Probably is the operative word here, for the game keeps changing.

The more likely strategy is that he will persist in selling down Guinness and increasing his holding in GrandMet until he gets to the position where he can block the merger altogether. To go ahead, the merger needs 75 per cent of voting shareholders in both GrandMet and Guinness to approve the deal. If he buys something over 20 per cent of GrandMet - an option closed to him in Guinness - he only needs limited dissent among other shareholders to stop GrandMet proceeding.

The mere threat of this happening may be enough to bring George Bull, chairman of GrandMet, to the negotiating table. The downside for Mr Arnault, is that if he's forced to go through with the threat, then he'll certainly lose a packet on his GrandMet stake building as the share price returns to more normal, pre-merger levels.

The gamble is a mighty one. Mr Arnault files into town tonight to do the rounds of sympathetic institutions and analysts. The game has a long way to go yet.

Nothing stops the irrepressible Brian Souter, nor even the departure of Britain's best known railway millionaire from his trainset. Not content with con-

centrating on consolidation for the time being, the regulatory environment can only get harsher - both for buses and trains - and for all Stagecoach's talk of leading the investment revival of the rail industry, it will rely on a sceptical government agreeing to extend SWT's franchise for Mr Souter to part with more money for rolling stock.

Perhaps it is a sign of the times that, having made his £36m by selling Pouterbrook to Stagecoach, Sandy Anderson has now found better ways to spend his money and his time than running a rolling stock leasing company. Until recently, Stagecoach has proved a rollicking good ride for investors. The judgement they now have to make is whether to follow Mr Anderson's lead.

Members of the Treasury Select Committee asked Gordon Brown the same question in about twenty different ways yesterday. Should he not have used the Budget to clamp down on the impending consumer boom, limiting the need for interest rates to rise? The Chancellor gave the same answer twenty times. He would not relapse into fine-tuning, but rather would use Budgets to set a medium term framework.

What's more, Mr Brown said, he was already being very tough on the public finances. There was no way to put these on

the bus market and the juiciest bits of what used to be British Rail, the chairman of Stagecoach is eyeing up the London Underground, providing of course that the mixture of capital and risk is right - which is Souter parlance for whether he can steal it from under the nose of the taxpayer.

Should it decide to go down the Tube, the Souter machine may find that John Prescott is not quite the soft touch that Sir George Young proved to be. He may also discover that the Underground, with its insatiable appetite for capital is not the money spinner that the buses and, unlikely as it once seemed, the trains have shown themselves to be.

Mr Souter and the clever chaps around at UBS could no doubt find some ingenious way of keeping Stagecoach's financial exposure off balance sheet. But is the company's star riding high enough for this kind of expansion, or indeed the growth through acquisition that Mr Souter still sees as possible.

Since the fiasco at South West Trains, when incidentally, this column called the top of the market for Stagecoach, the shares have gone nowhere. Indeed they have underperformed the market by close to 10 per cent as the realisation dawns that Mr Souter is mortal after all.

In these exuberant markets anything is possible, of course, and Stagecoach has ridden high on the wave of froth. But all the signs are that the business needs to con-

centrate on consolidation for the time being. The regulatory environment can only get harsher - both for buses and trains - and for all Stagecoach's talk of leading the investment revival of the rail industry, it will rely on a sceptical government agreeing to extend SWT's franchise for Mr Souter to part with more money for rolling stock.

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Chancellor denies Budget was too soft on consumers

Diane Coyle
Economics Editor

Gordon Brown, the Chancellor of the Exchequer, yesterday defended the Budget against criticism from MPs that it had not done enough to cool down the overheating economy.

He insisted it was a tough Budget that would reduce the pressure for higher interest rates over the medium term as government borrowing declined.

Mr Brown also told the Treasury Select Committee it would have to play a bigger role in questioning the Bank of England about interest rate decisions. He urged the committee to quiz the Governor and members of the Bank's Monetary Policy Committee after each quarterly Inflation Report.

Mr Brown emphasised the importance of setting policy or long-term economic stability. "I do think there has been too much short-termism in British economic policy."

His decision to give the Bank operational independence had given an important boost to

long-term credibility. "I don't believe that ever again a government can be accused of taking short-term, politically motivated decisions about interest rates."

He confirmed there would be a "green Budget" document published for consultation during the autumn, ahead of next March's Budget.

However, some MPs queried Mr Brown's decision not to raise taxes on consumers in his first Budget. Many commented that the need for a subsequent rise in interest rates and the strong pound, on this point.

The Chancellor replied: "We inherited a situation where inflation pressures were such that action on interest rates had to be taken and a situation where the deficit had to be reduced."

Mr Brown claimed support from the International Monetary Fund. In a glowing report on the Government's policy published yesterday, the world's economic watchdog said the Budget had been tougher than many people acknowledged.

Mr Brown repeated the Gov-

ernment's firm commitment not to extend VAT to items like food, children's clothing and newspapers and magazines and denied that there would be any EU pressure to do so. One of the few negative notes in the IMF report was the suggestion that the Government ought to consider precisely this widening of taxes on consumer spending.

The only real tension in yesterday's session came when Conservative MP for Grantham and Stamford, Quentin Davies, vigorously challenged Mr Brown's claim that the tax measures in the Budget would have a significant impact on consumer spending.

Several of the new Labour members of the committee were clearly torn between their loyalty and their unease about the present mix of interest rate and fiscal policy.

Questioned by Ruth Kelly, Labour MP for Bolton West, about whether the Budget had been intended to correct the imbalance between rapid consumer spending and weaker exports and investment, the Chancellor said it had.



Gordon Brown in the Commons yesterday. He urged the Treasury Select Committee to take a stronger line in quizzing the Bank over interest rates. Photograph: PA

IN BRIEF

BT accepts cut in charges to rivals

British Telecom backed away from a fresh confrontation with the industry regulator, Don Cruickshank, after he announced a 28 per cent cut in the charges the company could levy on other telephone operators to connect to its network. The network charge will fall by 10 per cent in October and then by inflation minus 3 per cent for the next three years. Rival operators Cable & Wireless Communications and Energis said they would pass the price reductions on. BT, which had threatened to go to the Monopolies Commission over the proposals, yesterday said it welcomed the key elements of the new formula and estimated it would cost the company £20m-£30m a year.

Norwich investment head to join BZW

Patrick Barton, Norwich Union's investment director, is to join BZW as its UK banking analyst later this year. The investment banking arm of Barclays also announced the appointment of Tim Dawson and Roland Andreasson, who join from ABN Amro Hoare Govett to cover the insurance sector. BZW said it had appointed seven senior analysts since the beginning of the year.

Profits up at Royal Bank's US offshoot

Royal Bank of Scotland said Citizens Financial, its US offshoot, had reported pre-tax profits of \$270m for the nine months to June, up from \$170m before. The bank said the quarterly results reflected continued strong organic growth in loans and deposits, an improving net interest margin, and an increase in non-interest, fee-based income.

Murdoch close to deal with Time Warner

Rupert Murdoch appeared close last night to making peace with the giant Time Warner, ending a court wrangle over distribution of the Fox network's nascent 24-hour Fox News Channel (FNC). Time Warner had angered Murdoch's News Corporation nine months ago by refusing to make space for FNC on its cable system in New York City, a vital market. Behind the Time Warner position was Ted Turner, who was resisting giving support to a service that competes directly with CNN, his own channel that last year was bought by Time Warner. Negotiating out of court, the two sides were reportedly close to a deal that would supply a channel on the New York system for FNC. It was not clear what News Corp was offering Time Warner in return.

Profits slump at electronics distributor

Eurodis Electron, the Surrey-based distributor of electronic components, saw pre-tax profits crash from £18m to £3.02m last year, but remains optimistic. Robert Leigh, chairman, said an upturn in the industry "remains stubbornly elusive". However, he said the company had started the new year with greater efficiency, an enhanced product range and a lower cost base. As a result, prospects for the current year were good, even though market conditions were not expected to strengthen during the first half. A final dividend of 3.15p makes 5.1p for the year, up from 4.85p.

Microchip maker's shares plunge

Vision Group, the Edinburgh-based producer of microchips, saw its shares plunge 42p to 139p after it announced that lower revenues would result in a loss of over £1m this year. The group said a slump in orders from equipment manufacturers had been exacerbated by a generally slower emergence of the overall video conferencing market. It did not expect a significant improvement in earnings during the first half of 1997-98 but was looking forward to higher revenues and positive earnings in the second six months.

Andersen Consulting to revamp

Andersen Consulting, part of the group which includes accountants Arthur Andersen, yesterday told staff about an internal reorganisation to increase the globalisation of the business. The plans involve restructuring the group along international business sector lines, rather than partially by national geography, as in the past. The change, which is to take effect from September, follows a pilot project which involved setting up an international communications industry group last year. Other industry sectors, including financial services, retail and manufacturing, will now also be established. A representative said the move was entirely separate from the recent difficulties the parent group, Andersen Worldwide, had had in electing a new chief executive.

H&C Furnishings sales ahead

H&C Furnishings, the merged Harveys and Cantors retail groups, revealed that sales in the first 10 weeks of the year had jumped 13 per cent and said there was scope to expand the chain to 450 stores. Sir Harry Solomon, chairman, said the group had delivered on all the promises made at the time of last year's merger, but profits were hit by a £7.8bn charge for rationalisation, leaving a pre-tax total cut from £2.2m to just £905,000 in the year to April. Profits after interest, however, soared from £437,000 to £8.17m on sales 149 per cent at £152m.

House prices set to rise further

UK house prices will continue their climb in the coming 12 to 18 months, according to reports from the Royal Institution of Chartered Surveyors and the Nationwide Building Society. Nationwide said house prices rose 10.1 per cent over the year to June, with London prices up 17.5 per cent. According to the RICS survey, fears of Budget tax changes slowed the recovery last month.

Profits leap at security systems maker

Mentier-Swain, the Banbury-based manufacturer of security systems and emergency lighting, has unveiled a 55 per cent leap in annual profits, but warned that the current year would be hit by the strength of sterling. Pre-tax profits jumped to £14.9m in the year to April and the company wants to buy in up to 10 per cent of its own shares.

CBI wants single currency but not yet

Michael Harrison

Business leaders yesterday called on the Government to commit Britain to entering a single currency when economic conditions were right but not to join in the first wave of monetary union in 1999.

The call from the Confederation of British Industry came as its members gave overwhelming backing to monetary union as being in the best interests of the UK but only once there had been sufficient convergence in the economic performance of member states.

The employers' organisation also said there was a strong case

for delaying a single currency by one or two years but conceded that this was unlikely to happen for political reasons.

The "contingent yes" to EMU, as it was described by the CBI's director-general, Adair Turner, reconciles the view of those industrialists who were urging immediate entry and those who supported membership of EMU in principle but only when the fiscal conditions were in place to make it successful.

After a four month consultation process 94 per cent of the CBI's members voted for one of these two positions and only 6 per cent urged outright rejection of EMU.

But Mr Adair said Britain should not participate until there was sustainable fiscal convergence, a clear commitment that the proposed European central bank would have price stability as its main priority and greater flexibility across Europe's labour markets.

Even if the conditions were in place by 1999 to make EMU a success, the CBI said it could not support early entry because Britain would be faced with interest rates that were too low to control its buoyant economy and prevent a resurgence of inflation.

Sir Colin Marshall, president of the CBI, said this was one of the most important decisions

Britain had had to face in its lifetime and therefore the CBI had to come off the fence.

"The CBI has sent a clear message to Government. It should declare strong support for UK membership of EMU under the right conditions and take steps to ensure that the necessary practical preparations are under way to make entry possible."

Sir Colin said that when the CBI saw the Prime Minister a week ago to outline its position on a single currency, it had come away with the impression that Mr Blair found it "reasonably acceptable".

However the Chancellor, Gordon Brown, told MPs yes-

terday that there were "formidable obstacles" to Britain joining the single currency. These included the need for the business cycle to be moving in harmony with other European countries, and the likely impact of EMU on jobs.

Speaking to the Treasury Select Committee, Mr Brown said: "I think as far as EMU is concerned, our policy is right - that we keep the options open, but we make the tests not simply the Maastricht tests, which we actually pass in all respects, but also economic tests about the sustainability of convergence."

He added: "It is right to have a debate on these matters."

Nationwide puts £7bn price on its head

Nic Ciciotti
Personal Finance Editor

Nationwide Building Society will be putting itself up for sale if the result of a members' ballot, expected later today, backs five rebel candidates standing for the board on a platform opposed to mutualism.

The society's announcement that it would be inviting bids for itself in an auction worth up to £7bn in the event of losing the ballot, came despite suggestions from some observers that it had won.

John Wigglesworth, a former building society analyst and now a senior manager at Bradford & Bingley, said: "Everything about how this ballot has been conducted in the past few weeks suggests to me that the Nationwide board has won."

They appear to be heightening the tension to underline the scale of their victory.

The postal ballot closed at 11am yesterday and the votes have been counted by the Electoral Reform Ballot Services. A Nationwide spokesman said yesterday that senior executives at the society now knew the results, which had been "decisive". The candidates themselves, who include rebel campaigner Michael Hardern and four of his colleagues, will be told at luncheon today.

He added: "Brian Davis [Nationwide chief executive] has made it clear that in the event of a victory for the rebel candidates, it would mean the end of building societies as we know it, with all the implications that follow. If the vote is won, we recognise that the debate is not over as far as mutualism is concerned."

British Gas in new row with regulator

Michael Harrison

British Gas was at loggerheads again with the industry regulator Clare Spottiswoode yesterday after claiming she had ignored the Monopolies Commission report into its TransCo pipeline arm by proposing to cap the revenues it could earn.

A spokesman for BG said that in doing so the director general of Ofgas had ridden roughshod over the concept of incentive regulation and had altered the financial outlook for the company in a fundamental way.

The MMC ruled in favour of Ms Spottiswoode last month by recommending a 21 per cent cut in TransCo's pipeline charges - said to be equivalent to a £28 saving on the average annual gas bill of £225.

Part of the agreed price formula would have capped 50 per cent of TransCo's revenues but allowed the other half to vary according to volume and how

successful BG was in winning customers.

However, BG said last night that the fine print of proposals from Ofgas detailing how the price control would be implemented, showed that Ms Spottiswoode intended to go back on this and cap 100 per cent of its revenues.

BG does not have the right to take its objections to the MMC but a spokesman said it regretted Ms Spottiswoode's proposal and would be making a full submission to the consultation paper she had issued.

Ogas said, however, that the volume estimates given to the MMC by BG might have been understated in which case, TransCo could end up earning significantly more revenue than that considered appropriate by the MMC under the 50-50 rule. It was therefore reconsidering the structure of the price control with a view to setting volumes in advance which would be equivalent to a revenue cap price control.

Littlewoods chief 'has full backing of Moores'

Sigel Cope
City Correspondent

Littlewoods yesterday claimed that its chairman, James Ross, had the full support of the 400,000 family shareholders, which own the group, in spite of continued criticism of his decision not to sell the entire high street stores business to a venture capital-backed consortium.

As the company announced sharp fall in annual profits to 85m caused by heavy exceptional charges and lower professional fees and lower business, Littlewoods issued a statement after a meeting of the family shareholders at London's Grosvenor House Hotel.

It said shareholders, at a "forum" meeting, reaffirmed their complete confidence in the chairman and the board of the company. Earlier, Mr Ross had de-

fended his decision to ignore a bid backed by CVC Capital Partners and led by former management at Bhs. He said the bid was not worth the £540m claimed and that the offer would not have yielded sufficient benefit to shareholders.

"The offer was one of several alternatives looked at. We negotiated fully with them but the deal did not provide anything like the benefits of the private options."

"No board of either a private or a quoted company... goes with all the details of every offer that is made to shareholders and says 'please tell me what to do'."

He said all the family shareholders had signed a shareholder charter last April that separated shareholder and board responsibilities. But he said "you might expect there to be a difference of opinion" in such a large group.

Mr Ross said the deal to sell

19 stores to Marks & Spencer for £192.5m last week represented the best method of creating value for shareholders. However, it is understood that the CVC consortium would have been prepared to increase the cash element of its offer if it had been approached.

Littlewoods results for the 12 months to 30 April showed that though trading profits were 34 per cent higher at £105m, the figures were hit by a £19m charge for pulling out of international retailing.

Home shopping was the star performer with profits up from £37m to £58m. Stores profits were 10 per cent higher at £35.4. Leisure profits were affected by the launch of the mid-week National Lottery and fell £2m to £22m.

In current trading like-for-like sales at the high street stores business are down 13 per cent. Group sales were flat at £2.3bn.

business

SmithKline poised as a big player

Jan Leschly, SmithKline Beecham's chief executive, was in a confident mood at the drug group's second quarter results yesterday. He has reason to be. In record time and from a shaky start after its heart drug Coreg was rejected by the US drug regulator earlier this year, SB now looks poised to become a big player in the cardiovascular field.

The market for drugs which lower cholesterol is alone worth \$4bn worldwide and is growing fast. SB's deal with Bayer, announced yesterday, allows SB to co-market Baycol, a cholesterol-lowering drug, in the US. With Bayer a relatively weak player in pharmaceuticals, SB has undoubtedly struck favourable terms for Bayer and has gained control over promotion and marketing. What is more, SB is an obvious candidate to co-sell the drug outside the US when Bayer is ready.

Meanwhile, SB has just launched Teveten, a hypertension treatment, in Germany and is on track to market the drug worldwide from next year. It has also in-licensed a drug, which prevents arteries closing, from a Japanese company. All that and SB also finally managed to get Coreg approved in June. Not bad for six months' work.

The rapidity with which SB has established itself in such an important market shows what a bit of aggressive marketing and clever in-licensing can do. SB is also right to be backing up its lead drug, Coreg, with a stable of other products, particularly given the competitiveness of the market. The success of the strategy is all credit to Mr Leschly and SB's equally forceful head of pharmaceuticals, Jean Pierre Garnier.

SB is also convincing the sceptics that there is value in DPS. The US drug-buying group which SB bought for \$2.3bn in 1994. For sure, SB overpaid and DPS is probably not profitable, but there is some sense in the argument that the company needs to offer an integrated healthcare approach.

Through DPS, SmithKline has developed a relationship with managed healthcare organisations – the groups which act for big buyers of healthcare services in the US – to push up volumes of the company's drugs. That makes sense. If SB can offer these healthcare organisations a whole range of services, including diagnostics via its clinical labs business and market data on patient outcomes via DPS, it is hardly surprising that SB's drugs find their way on to the HMO's lists of preferred drugs.

Certainly sales of SB's new drugs are growing fast, ahead 42 per cent in the half year. Paxil, the new anti-depressant, has entered the world market at number three behind Eli Lilly's Prozac, but is now the fastest growing drug in its class.

James Culverwell of Merrill Lynch is forecasting profits of £1.7bn for the full year. The shares, ahead 49p to

THE INVESTMENT COLUMN

EDITED BY MAGNUS GRIMOND

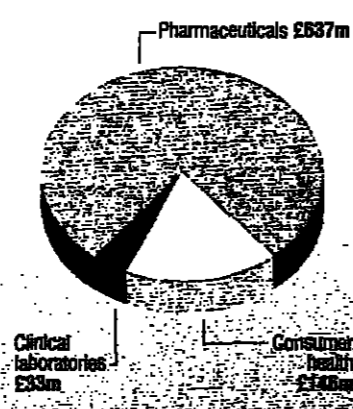
SmithKline Beecham: At a glance

Market value: £33.7bn, share price £12.19 (+49p)

Five-year record	1993	1994	1995	1996	1997
Revenue (£bn)	5.16	6.44	7.01	8.00	8.75
Pre-tax profits (£m)	1220	691	1623	729	774
Earnings per share (p)	29.1	25	39.5	17.8	18.5
Dividends per share (p)	10.9	12.9	14.25	8.00	8.82

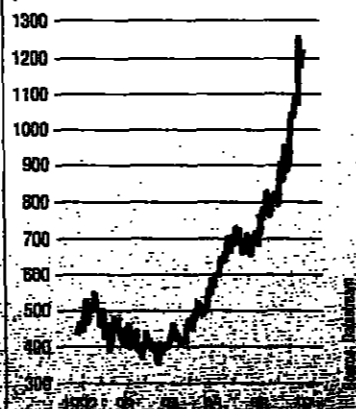
Trading profit

1997



Share price

pence



1219.5p are on a forward p/e ratio of 30. With 15 per cent earnings growth over the next two years and no important patent expires until 2002 to trouble the market, the shares have further to go.

More bad news from Menzies

It has been a grim 18 months for John Menzies, the retail and news distribution group. At the start of 1996 it issued a profits warning after being hit by problems in its news distribution side.

In January this year it issued a fresh warning, this time caused by difficulties at its Early Learning Centre retail subsidiary, which was suffering from competition from Boots, Argos and Woolworths.

The impact on the share price has been severe. Trading at well over 600p 18 months ago, the shares have been sliding ever since and closed 11p lower at 422.5p yesterday, their lowest since early 1993.

The company is now attempting to

put recent scores behind it. A new managing director, Charles Mackay, joined in January and new management is being sought for the Early Learning Centre.

The strategy has been to use the cash-flow from established businesses like news distribution and retailing to invest in growth businesses, such as distribution of computer games and the like.

In fact retailing now accounts for less than one-third of sales and just 13 per cent of operating profits.

This sounds good in theory but yesterday's figures only highlighted how far they are from being put into profitable practice.

Pre-tax profits in the year to 3 May were £5.3m lower at £30.6m due mainly to problems at the ELC.

Once the jewel in the Menzies crown, profits have slumped from around £12m just two years ago to an estimated £2m in the latest period.

Current trading is tough, with sales 3.9 per cent lower on a like-for-like basis, though a 30 per cent increase in the number of lines from September should start to make a difference.

Menzies has experienced mixed results with its diversifications. Funsoft,

a CD-Rom distribution business in which it has a half share, produced a loss of £2.5m last year.

The Samas office supplies business did better, with profits of £4.4m in its first year.

On a Société Générale Strauss Tumbull's profits forecast of £33m for the current year, the shares trade on a forward rating of 12. Not one to chase.

Mitie set to clean up on services

The almost unbroken six-year run in shares in Mitie, the building maintenance and cleaning group, has been interrupted this year. From a low below 26p in 1990, they hit 194p in January and have since yo-yoed back to 171.5p, up 8p yesterday. Brokers blame variously an unsustainably high rating of above 20 times earnings and share sales by managers unlocked from Mitie's particular brand of incentivisation for its workers.

Certainly, yesterday's figures suggest any fears the market may have on the trading front are groundless. Pre-tax profits rose 30 per cent to £8.21m in the 12 months to March – the eighth year on the trot Mitie has notched up this rate of growth – on sales up by the same amount to £209m.

The star of the period was the building side, boosted by some chunky contracts. Broken down for the first time, the division chipped in £4.52m to these figures, against £3.7m for support services, involving cleaning and the like.

The latter sustained a £452,000 hit from a disastrous cleaning contract with a large food processor, which has resulted in the closure of Mitie Hygiene Services. This follows problems the previous year in the jobbing maintenance operation, which recovered from losses of over £200,000 to about break-even.

But Mitie's ability to withstand these failures suggests the formula is relatively robust. And the potential remains for the group to equal the impressive record of the much larger Rentokil Initial, which has grown fat on so-called "support services".

The fashion for outsourcing peripheral activities, such as property management and cleaning, continues to grow apace – cleaning alone could now be worth £3bn a year. Already existing contracts and orders mean much of Mitie's work is in the bag this year, when margins are set to rise from 3.9 to above 4.3 per cent. There are potential dangers in the group's move into the cut-throat world of plant hire and Rentokil may prove a revitalised competitor when it has fully absorbed BET. But profits of £10.7m this year would put the shares on a multiple of 16, falling to 14. Reasonable value.

CU takes stake in French insurer

Clifford German

Commercial Union yesterday announced it was expanding its position in France, Europe's largest single market for life assurance products, by paying £126m for a 55.8 per cent stake in Union Financière de France. The stake is being bought from Credit Agricole Indosuez.

However, the deal was overshadowed by CU's new business figures for the first half of 1997 which, while perceived as generally good by analysts, showed that the French market was the company's weakest area. CU's shares fell 19p to 674.5p.

Union Financière is a quoted company with 32 branches employing 880 financial advisers that sell products direct to 135,000 clients, both individuals and small companies.

CU already has an 11.7 per cent stake held through Abeille

Vie, the French life assurance company that it bought in 1994. Analysts expect CU to make a further offer to the remaining minority shareholders.

UFF has Fr23bn (£2.3bn) under management and made a profit of Fr7.6m in 1996. The purchase price is around 10 times UFF's annual earnings exclusive of interest. The acquisition would be financed out of cash reserves and it would enhance group earnings immediately, said CU's finance director, Peter Foster. UFF will provide a new distribution channel for Abeille Vie's insurance, pensions and savings products.

CU's latest figures showed that new business worldwide rose 21 per cent to £1.58bn in the first half of 1997. New single premiums worldwide were up 17 per cent to £1.22bn and new annual premiums were 38 per cent up at £154m. Single

premium business in the UK grew by 75 per cent to £265m, and annual premium business rose 4 per cent to £25m.

But overseas business was adversely affected by the strength of sterling against European currencies and business in France in particular was affected by the elections in May and by a reorganisation of the sales force.

Single premium sales in France were down 15 per cent to £624m and annual sales were 30 per cent lower at £1.1m after allowing for exchange rate movements.

Despite the poor performance in France, which was widely expected, the country represented a long-term strategic investment, Mr Foster said.

Separately, Eagle Star, the insurer owned by BAT, the tobacco giant, has paid Friends Provident £50m for Preferred Direct, a telephone insurer.

Deal puts GGT in the red

GGT Group, the advertising agency, yesterday revealed that redundancies and advisory fees arising from December's £96m acquisition of BDDP, the French agency network, cost £8.1m, writes Cathy Newman.

The company, which more than doubled its size with the purchase of BDDP, said the charge resulted in a net loss of £100,000 in the year to April, compared to 1995-96's profit of £5.6m.

A spokesman for GGT would not comment on the scale of the redundancies, but said that a "few expensive people" had lost their jobs after the merger. Among those to have resigned since the deal are Jan Hall, GGT's European chief executive. Ms Hall had been with GGT for three years and left last month.

GGT said yesterday that an operational review of BDDP was under way.

Before the exceptional costs of the acquisition, profit before tax rose 32 per cent to £7.5m. The dividend was increased by 7 per cent to 6.2p.



Billiton, the South African base metals group that has been demerged from Gencor, gained instant blue-chip status on the London stock market yesterday after a successful placing of 375 million shares at 220p each. The shares opened at a 'conditional' 8.5p premium to the placing price but closed at 221p. With a market capitalisation of £4.6bn, Billiton is the 56th biggest London-listed company and will enter the FTSE 100 index at the next review. While Brian Gilbertson, the chairman (above), said there was strong demand from international investors for shares, some analysts said Billiton's equity was trading at a premium to Rio Tinto and was at least 10 per cent overvalued. Photograph: Adrian Dennis

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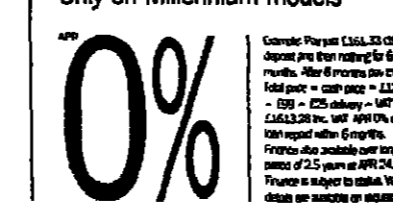
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Switched-on Siemens boss shakes a leg at stereotypes

PEOPLE & BUSINESS

Dr Heinrich von Pierer, president and chief executive officer of Siemens, the German electronics leviathan, is a fun guy, it appears. One of my colleagues watched him dance the twist and then sashayed to *Que Sera Sera* in the company's Berlin head office.

The American head of PR observed: "You wouldn't get this in America. They're all so stiff over there – but this guy is game for a laugh." The occasion was an evening's relaxation during a press trip by journalists from all over the world to see the Siemens home operations at first hand.

The Siemens boss wasn't the only one shaking a leg. Karl-Hermann Baumann, finance director, was seen dancing vigorously with a delightful young female journalist from Taipei. Obviously my prejudices about German businessmen being dour and humourless will have to be radically overhauled.

Earlier at a press conference Dr von Pierer alluded to a recent magazine article which suggested he was beginning to age rapidly, as the pressure of running the vast company was getting to him. The president admitted he felt the pressure – but his answer was to "shave more often and regularly carry a razor" to avoid showing any grey hairs on his chin.

Sunday Business has finally gone into receivership. Around a fortnight ago the company's majority shareholder, Group 2000, also went into receivership, and since then no more papers have been printed and a number of attempts to sell the business have fallen through. Now about 60 staff are faced with redundancy and loss of back pay as the receiver, David Sapte of Begbies, searches for a buyer.

Launched 18 months ago, the paper has failed to appear for two Sundays running. Before that it had a circulation of around 20,000. Mr Sapte says: "If I can save the jobs I will be very pleased. I think we will sell it, although I don't know who to yet. We've had expressions of interest. It might be a management buyout or sale to a third party."

The paper's main banker is Barclays, while Mr Sapte says that other creditors include the Inland Revenue, owed £220,000, and a factoring company, owed £250,000. Anyone interested in buying the paper should call Mr Sapte on 0171 242 6939.

John Goodfellow, chief executive at Skipton Building Society has turned the greed-driven carpetbagger craze on its head – by using it to raise £100,000 for charity. Three weeks ago Skipton



Dr Heinrich von Pierer: Shaves more often to hide signs of pressure

John Menzies is preparing to retire from John Menzies, John Maxwell Menzies, (pronounced "Mingies") north of the border. I am reliably informed) the present chairman of the stationery shop chain and great-grandson of its founder, is to step down at the company's AGM on 5 September.

It will be the first time the company does not have a member of the family in charge since it began as a booksellers in Princes Street in Edinburgh back in 1833. However, Mr Menzies will retain the vaguely North Korean sounding title of life president.

Retirement will give Mr Menzies more time to look after his farm in the Borders. He is known for his respect for companies that "look after their people" and is not a fan of "hire and fire" management.

Perhaps its just as well he is going, then. John Menzies the firm has just sacked most of the senior management at the Early Learning Centre, a subsidiary that has not prospered since its acquisition in 1985.

Good grief, a funny book about tax. This must be a first. *Bluff your way in Tax* by AJ Carroll has just landed on my desk, and amongst other things the author has a good go at that much loathed tax, VAT. "VAT is nothing more than a chain letter," he writes.

This is how it works: first, a forester cuts down a tree, sells the wood to a carpenter, and adds VAT to the sale price. Secondly, the carpenter makes a table, adding VAT to his sale price. Thirdly, the chain continues, from carpenter to distributor, from distributor to shopkeeper. Each pays some VAT.

Finally, all chain letters have a victim, writes Mr Carroll, "usually the unsuspecting man in the street. The one who buys the bookcase and takes it home pays tax on the full cost, and can deduct nothing." A stocking filler for any accountant.

And just to prove once again that fact is stranger than fiction, the Inland Revenue has just published a background briefing note titled "Independent Fish-mongers".

The *Taxman* writes: "This note is the latest in a series which give information on the finance and business background of particular trades and professions. I'm hooked already..."

John Willcock

Recognised funds	1993	1992	1991
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Hind emerges from the lower ranks for Shantou

Racing

RICHARD EDMONDSON

His name may sit rather precariously among some of the giants of a small world, but that will not alarm the jockey named yesterday for Shantou in Saturday's King George VI and Queen Elizabeth Stakes. One of the Cash Assurances, Gary Stevens, Frankie Dettori and company will be joined in the Ascot changing room by one Gary Edward Patrick Hind, age 29, apprentice with Reg Hollinshead and first winner at Carlisle on Via Vitae.

Hind's promotion comes through his membership of the backroom team at John Gosden's Stanley House yard, where Shantou has his digs. He was considered fleetingly for the ride on Benny The Dip in the Derby until Willie Ryan's Classic experience became the most notable part of the equation, but now a similarly promising ride has presented itself.

Shantou was originally to

have been ridden by Dettori, who is credited with being the only man who can twist the last drop of effort out of the four-year-old, but the Italian has subsequently been switched to the second favourite, Singpiel.

Shantou is famously crackles and cannot bear to have other horses around him on the gallops, which is a bit of a drawback when you happen to be

Richard Edmondson
NAP: Asef Alhind
(Sandown 8.15)
NB: Kameney
(Sandown 8.45)

trained in Newmarket. Hind has ridden him before and lost, but he is in good company as Pat Eddery and Michael Kinane have also failed to plug into the colt's eccentric mind.

"It's nice to be involved in these sort of races," Hind said yesterday. "It's what it's all about. I rode Shantou in a maiden at Chester last year and got beat on him. I rode his

lead horse, Polaris, in his recent work and Shantou seemed to go well."

The marning arrangements for Saturday are now complete. Ray Cochrane is due to ride Strategic Choice, who finished third in the race two years ago but is now considered a 50-1 virtual no-hoper in this weekend's particularly strong company. "We will have a sort of

crack at finishing fourth," said an optimistic Paul Cole, the six-year-old's trainer.

John Reid, the projected saviour for Swain, returns to the saddle this evening at Sandown following a short absence. The Irishman jarred his right ankle at Newbury on Saturday when Dark Moonlander ejected him in the preliminaries, but the markets suggest that few believe that Reid's talents have been compromised by the accident. Swain is now a best-priced 12-1 (from a morning 16-1).

The most dramatic moves

though yesterday centered on Swain's Godolphin stablemate Predappio. Pilsudski's conqueror in the Hardwicke Stakes at Royal Ascot, who was reduced to 8-1 (from 12-1) by Ladbrokes. Coral cut him to the same price (from 14-1), while William Hill go just 13-2 (from 12-1).

Pilsudski himself is still quite well fancied despite some dark assertions from Michael Stoute, his trainer, that the Breeder's Cup Turf winner might not run if the ground is too hard.

Whether this caveat is just a ploy to encourage Ascot to pour water on the track will become evident tomorrow evening when Stoute is scheduled to walk the course - described yesterday as good to firm - before delivering his final thoughts.

Any withdrawal would hurt the race, especially as Pilsudski, along with the favourite, Hecissa, is said to be at the summit of his powers. The French horse, who is attempting to become the first from his land to win the race since Pawnee 21 years ago, will fly in from Beauvais airport on the morning of the race.

Celebre for Coolmore

Peintre Celebre, the Prix du Jockey-Club winner who bypassed the Irish Derby, will eventually make it to Ireland but not until his racing career is over. His owner, Daniel Wildenstein, has completed an agreement with Coolmore Stud to stand the son of Nureyev at the Co Tipperary farm.

Japanese interests had made a \$10m (£9.7m) offer for the colt, whose main target is the

Prix de l'Arc de Triomphe, but Wildenstein preferred to stand the horse in Ireland to allow European breeders access.

"Peintre Celebre is the best colt we have had and we wish to be able to breed our best mares to him and race the subsequent progeny," Wildenstein said. "We board a lot of our mares at Coolmore and they are the No 1 stallion operation in the world right now."

Strong Papin party

Six British-trained juveniles are among the 11 acceptors for the Prix Robert Papin at Maisons-Laffitte on Saturday. The Group Two event, the most important race for two-year-olds run in France so far this season, has attracted Clive Brittain's Greenlander, Mark Johnston's Atlantic Viking, Brian Meacham's Dernier Croix, Paul Cole's Bodyguard, Godolphin's Asfurah and Simon Dow's Aurigny.

The Royal Ascot and Chertsey Hinton Stakes winner, Asfurah, would be the pick of the raiders on form but she is also engaged in the Group Three Princess Margaret Stakes at Ascot the same afternoon.

Cole's Queen's Vase and Northumberland Plate winner, Windsor Castle, is one of three British acceptors for the Group Two Prix Hubert de Chaudenay over one mile and seven furlongs.

SANDOWN

6.15 High Premium
6.45 Silver Silently
7.15 Silently

GOING: Good to Firm (Firmest 200).
STALLS: Straight - mainly stable; inside, DRAW: Low best for 714. 1m.
Right-hand course - mainly stable; inside, DRAW: Low best for 714. 1m.
Course on 3007, 1st of 1000m. Better stable (mostly from London, Warrick) about even. 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FOURTH TEST: England's latest fast bowling hope is looking to build on a promising beginning, he tells **Derek Pringle**

Headley inspired by his famous forebears

There is little doubt that thoroughbred sporting genes can often help those inclined to follow in their forebears' footsteps. But they can also be a hindrance too, with the presence of a distinguished family tree merely increasing the pressures of expectation. For Dean Headley, however, that burden has proved something of an inspiration as he became the third member of his family to play Test cricket, the first time three generations have been thus involved.

"When I was younger I never really thought about it, but over the last few years I've been determined to play Test cricket. There have been times when I've been talking to my dad and people have come up with a piece of paper and I've grabbed it in order to sign it and they've gone: 'Er no, it's your dad's we want.' It brings you down to earth."

'I know I've got a fairly unique action, but it's one that's natural to me'

"Although I enjoy being a part of a famous family, I didn't want to be the person that people turned round and said, well that's a Headley who didn't play Test cricket."

But if there were lingering doubts before Headley stepped on to the Old Trafford turf, they have surely been banished now. Eight Australian wickets is the kind of debut that happens when most bowlers are asleep. Even more impressive than the figures, however, was the fact that Headley consistently outbowled his more experienced colleagues in both innings.

"It was a great feeling to take eight wickets, though any county bowler in the country could have come up trumps on that first morning," he said as he prepared for tomorrow's fourth Test at Headingley. "I was much more pleased to take four wickets in the second innings when the pitch had flattened out."

Sensational debut though it was, he still has a long way to go before rivaling the deeds of grandfather George, a Jamaican who was dubbed the Black Bradman. A brilliant batsman on any surface, in 1939 he became the first and only West Indian to score two hundreds in the same Test match at Lord's.



Dean Headley: 'I didn't want to be the person that people turned round and said, well that's a Headley who didn't play Test cricket'

Photograph: Peter Jay

His son Ron, a left-handed opening bat, was not blessed with such stellar talent, and his two caps for the West Indies in 1973 will surely be providing a lingering side strain clear up in time – he equalled at Headingley, by his own son, Dean. Over his career with Middlesex and Kent, Headley has suffered from numerous injuries. In April, he began the season not in the nets at Canterbury, but in traction, trying to sort out the hip problem he had incurred on last winter's A team tour to Australia.

It was not the first time, he had had something wrong with him, and some say he has a reputation for wanting to be wrapped in cotton wool. Need-

less to say, it is not an opinion he shares and the Headley bow furrowed considerably when I asked whether he thought he was one of those bowlers like Chris Old, who was prone to injury?

"If I was, I don't think I'd be able to bowl the long spells that I do," he says with a tinge of hurt in his voice. "It's true I've had three different injuries this summer and that's frustrating. But I believe the problems I've had recently can be linked to the traction I was put under when I returned from Down Under. I've certainly never had them before."

For a bowler who can be distinctly sharp when he wants to be – most of the Aussie bats-

men were surprised by the pace he generated at Old Trafford – he has a strange action. His run-up, which is languid and athletic, culminates in a curious hybrid bowling action which ends up half drag, half sling. But if the ball tends to come out well, it occasionally too far to leg, the action appears to put a lot of strain on the pelvic girdle. Perhaps that was his problem?

"I never had much coaching when I was growing up. Dad was not a great believer in it unless something was drastically wrong," he says. "He believes you should just look at the end product, which is what I do."

"What is most important is the feel. You shouldn't worry

what it looks like as long as the ball is coming out all right. I know I've got a fairly unique action with a few quirks, but it's one that feels natural to me."

One of the problems that players like Headley face when they first come into the Test arena is the increased exposure. One minute you're playing county cricket in front of two men and a dog, the next you're having your game dissected by the world and his friend.

It can be a disorienting business for the new player, particularly when advice, previously in short supply, suddenly arrives mob-handed at the dressing-room door. Which is what happened to Darren Gough following his foot injury

in Australia. Fortunately, Headley a late starter at 27, is a far wiser bird.

"When you start your Test career, I think you've got to have big ears. Which luckily I've got," he adds tugging playfully at the one sporting the diamond stud. "The trick is to listen to everything then pick out the little points adaptable to your game as big changes tend to feel unnatural."

"I mean people talk about getting me to bowl one that goes away from the right-hander. Well we'd all like to bowl that wouldn't we? Even so, as my main ball comes in, I've only really got to get it to hold its line for it to be effective. In any case, I'm not a big swing

but he made on the same ground the previous year. "With the 15-over rule in one-dayers you haven't even got one ball to ease into things. At least in the Test, I know I had a job to do for the day and that my strategy would more or less remain the same."

He puts much of his readiness down to the two England A tours he played, which he feels are a useful stepping stone to the pinnacle.

"The A team helped me feel that I belonged to the set-up. Just going away on tour with people like Nasser Hussain and others who had played Test cricket did a lot for my self-belief. In a way the company was more important than the opposition, though the fact that both tours were winning tours really boosted our pride during a time when the main team were getting a lot of negative press."

Having attended Worcester Royal Grammar School –

'When you start your Test career you have to have big ears – which luckily I've got'

Alma Mater to such luminaries as Imran Khan – Headley tried his hand at his father's county, Worcestershire. When that did not work out he suddenly found himself on a tour to India with Christians in Sport with a motley assortment, not all of them believers. One of those present was Simon Hughes who, impressed with the young Headley's pace, alerted his own club Middlesex, who promptly signed him after the briefest of indoor trials.

He stayed a year, before moving to Kent where a notoriety for taking hat-tricks (he took three last season) brought him the headlines that eventually led him, via England A, to the Test arena proper. A place where he and England now find themselves up against a resurgent Australia seeking to retain the Ashes.

"The mood of the side is still confident," he insists. "Certainly there are things we have to address, such as posting a competitive score. Mainly though, it's going to be down to pure hard work."

"The Aussies outplayed us at Old Trafford, but as far as I'm concerned it's one- and we've just got to go out and start again, like we did at Edgbaston."

The day Botham brought the house down

When Mike Atherton and Mark Taylor walk out for the toss before the start of the fourth Test tomorrow morning, it is conceivable they will be the last Ashes captains ever to do so at Headingley. If Yorkshire County Cricket Club get their way, they will have moved to a new home near Wakefield by the time of the next Australian visit in four years, and Headingley will be left behind in the 20th century.

The ground made its debut as a Test venue on 29 June 1899. The game, played over three days, was drawn with one account noting: "The match proved a huge attraction, and before lunch there were nearly 20,000 people on the ground. There were over 100 police present and though they had no great disorder to deal with, several thousand people forced their way right up to the boundary after lunch, obstructing the view of those who occupied the proper seats, and for the rest of

the day the cricket went on to a ceaseless accompaniment of shouting and cries of 'Sit down!'

Over the years, and particularly in recent times, the Headingley crowd has rarely failed to attract attention, occasionally "enjoying themselves" a little too much for some people's liking. But they have witnessed some great moments in Ashes history, none more so than in 1981.

Against a backdrop of sharply rising unemployment and street riots the very same month in Liverpool and Manchester, England arrived for the third Test on 16 July. 1-0 down in the series and in a mess, it did not seem likely that Ian Botham's finest hour was just around the corner.

"I'd just resigned from the captaincy after the Lord's Test," Botham said yesterday, reflecting on events that have been better chronicled than just about any English sporting tri-

umph other than the 1966 World Cup. "Mike Brearley was in charge and Brearley came up to me at the start of the game and asked me if I wanted to play. He said 'I understand the situation if you don't', and I said 'of course I want to play'. Then he said 'good, because I think you'll get 200 runs and 10 wickets.' And he wasn't too far off."

With six wickets in the Australian first innings and a top score of 50 in England's first innings, Botham had already done more than his fair share. But the best was yet to come. Following on, England slumped to 135 for 7 when Graham Dilley joined Botham at the crease midway through the fourth day. Eighty minutes lat-

er, the famous odds of 500-1 against England becoming the first side this century to win a Test after following on had been drastically reduced. "It was a dodgy wicket and I just decided I was going to go out there and enjoy it, have a bit of fun, swing from the hip if you like," Botham said. "The ball didn't always go where we intended it to – in fact it probably only went in the right direction about 50 per cent of the time, so technically it wasn't a great knock, but it certainly got everyone going."

"With Pica [Dilley] I kept saying to him, 'just hit the ball, don't think about it. It's the kind of wicket that, if you try and play correctly on it, you are just going to get out.' I said, 'you've got

a good eye, enjoy yourself,' so we were laughing and joking out there and basically just enjoying the atmosphere."

Dilley recalls the moment he went out to join Botham: "By that stage we were seven down and the game had virtually gone. People were packing their kit away and wanting to get on the motorway as quickly as they could. It was just really a bit of fun. I don't suppose, if the game had been tighter, we could have afforded to play the way that we did."

"There's one thing I noticed on the tape that I've got. I've had an enormous wind-up at Lillee, and missed it completely, and the camera just pans back around to Dennis as he's walking back and there's Ian standing there, with a great grin on his face. That just sums up what we were doing for that hour and a bit that I was out there, just having a laugh really."

By the time Dilley was out for

56 they had added 117 thrilling runs; then Chris Old and Bob Willis helped Botham add another 104, Botham finishing unbeaten on 149. Even then Australia only had to score 130 to win, but Willis performed heroics with the ball, taking 8 for 43, and England scraped home by 18 runs.

"I have friends up in Scotland who contacted me afterwards and said, 'You brought Glasgow to a standstill, and I just laughed,' Botham said. "But apparently it brought chaos, everyone watching in shop windows all over the country and all sorts."

"I think it was a little bit what the country needed and it's a little bit like we've seen in this series. The boys won the one-day series 3-0 and they won the first Test, and suddenly everyone's got Ashes fever. I think we are actually in for a cracking series and I do believe that's what it's all about, getting the public on your side."



Ian Botham hits out during his extraordinary 149 not out against Australia in 1981. Photograph: Patrick Eagar

Botham of course went on to more Herculean feats at Edgbaston and Old Trafford in the following two Tests, lifting the whole country in a way that only sport can. Even the Royal Family got in on the act, Charles and Diana celebrating England's victory at Headingley by getting

married a week later. But Dilley, out of form with the ball, did not play another Test in the series. "Two weeks after that game I was playing for Kent Second XI against the Army at Woolwich," he said. And the recession, sadly, had only just begun.

Your match	
One day	
Gloucestershire v Pakistan A	
Cheltenham: Pakistan A won by 49 runs.	
Gloucestershire won toss	
PAUNSTON A	
At Nether & Ball	48
Salim Khan c & b Ball	66
Majid Khan run out	0

CRICKET SCOREBOARD	
<p> Gloucestershire 188-206 PAUNSTON A 188-206 At Nether & Ball 48 Salim Khan c & b Ball 66 Majid Khan run out 0 </p>	<p> MAN UTD 188-201 MIDDLESBRO 188-223 NEWCASTLE 188-216 NORWICH 188-218 NOTT'M FOREST 188-213 Q.P.A. 188-225 SHIFIELD 188-214 SHEFF UTD 188-215 SOUTHAMPTON 188-220 SPURS 188-207 STOKE CITY 188-230 SUNDERLAND 188-227 W.B.A. 188-243 WEST HAM 188-212 WOLVES 188-234 </p>

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Warwickshire hope 10,000 see the light

Warwickshire have already sold 4,500 tickets for today's Axa League game against Somerset at Edgbaston, and are expecting the first competitive match under floodlights in this country to attract a gate in excess of 10,000, nearly double their average Sunday crowd.

Even though the match, which starts at 6.10pm, is being screened live on Sky Sports, Keith Cook, Warwickshire's cricket secretary, expects existing members to swell the crowd into five figures. He said the club is preparing for a 40 overs per side contest like "a mini Test match."

Warwickshire have been cast in the role of pioneers because the Sunday League match originally scheduled as the first to be held under lights, between Surrey and Nottinghamshire at The Oval last month, was abandoned without a ball being bowled.

They have denied the allegations.

Last call for birthday boy Gooch

Graham Gooch will have no easy ride on his birthday as he brings down the curtain on 34 years of professional cricket with Essex in the Championship match with Worcestershire beginning today at Chelmsford.

Gooch, 44 today, will be looking for Essex to bounce back from the weekend defeat by Northamptonshire, which denied them the chance to take over the leadership from Glamorgan.

The Welsh county hope to have Waqar Younis and Steve Watkins back as they seek to extend their 11-point advantage at the top with victory over bottom club Derbyshire at Chesterfield. Middle-order batsman Anthony Cotley is doubtful for Glamorgan with a hamstring strain.

Unbeaten Leicestershire are expected to be unchanged against Nottinghamshire at Grace Road after wicketkeeper Paul Nixon declared himself fit following a thumb injury.

Mohammad Akram and Mal

Flintoff, Nathan Wood and Mark Chilton

The game between Warwickshire and Somerset has been put back 24 hours to accommodate tonight's Axa Life League game which will be the first competitive game in this country under floodlights.

Flintoff, Nathan Wood and Mark Chilton.

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Essence of tennis pure and simple

John Roberts samples County Week, where 800 competitors play for fun

It was on a glorious day such as yesterday here at Eastbourne that the 15-year-old Fred Perry became smitten with tennis. Taking a stroll while on a family holiday in 1924, young Fred wandered into Devonshire Park and savoured the scene of "people running around in smart white togas". He also noticed rows of expensive cars.

After a scolding for being late back for lunch, Perry asked his father if the cars belonged to the people watching or the people playing. Most of them, he was informed, belonged to the people playing. "Perry Junior formed a most promising impression of the game," Fred recounted in his autobiography, adding that his father invested five shillings in an old racket to facilitate the transition from table tennis.

Those cars Perry admired were acquired by ascetics or legacy rather than skills on the court, although many a business career evolved from a doubles partnership. Having won all four Grand Slam singles titles, including three consecutive Wimbledon championships, Perry turned professional and left for America to seek his fortune. Happily, the essence of what he experienced 73 years ago – tennis, pure and simple – remains and, weather permitting, can be sampled annually during County Week.

"Pride, character and guts all play a part in this event," said Sir Geoffrey Cass, the president of the Lawn Tennis Association, his tone redolent of his other role, chairman of the Royal Shakespeare Company.

Note the deliberate omission of the word money. Cash rewards play no part in County Week, which involves the participation of 800 players competing in seven divisions, at Eastbourne and 12 other venues around the country. They are,

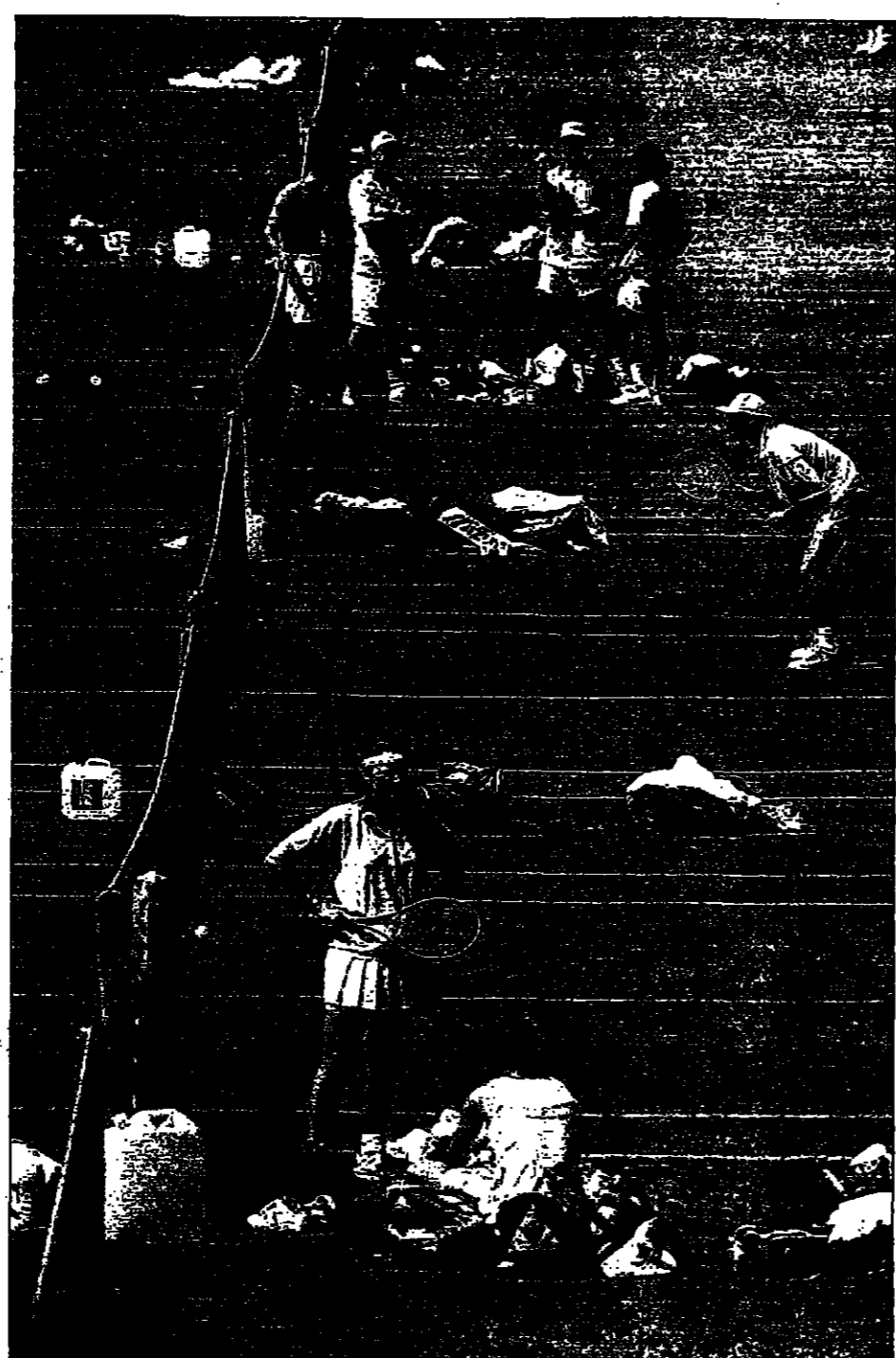
as the tennis chronicler Lance Tingay once phrased it, "happy to pay for the pleasure of playing themselves into the ground". The men's and women's teams contest three rubbers each day without umpires or line judges, ballboys or ballgirls. There is not a chair to be seen during the changeovers, and any player who requires to towel down between points has to fetch it for himself. Oh, yes, and admission is free. With 19 courts in use, it must be the best value in British sport.

One half expects the day to commence with wooden weapons being removed from racket presses. Once play begins, however, the ball is struck with all the vigour associated with the modern power game, alleviated by the net skills and rallying expertise demanded of doubles.

"This event is about stamina and team spirit," emphasised Jane FitzGibbon, the tournament director. "People ring up and ask for someone, and I tell them they're playing a match. So they ask when they will be finished playing. And I tell them, 'On all day'."

The youthfulness of many of the competitors belies the image of ageing social doubles players blocking the progress of promising youngsters. "There are fewer of the older working guys," said Cliff Bloxham, Surrey's non-playing captain. "There are more students in the teams nowadays. This is partly because you need to take a week's holiday, but also because the county's are picking their best young players."

Bloxham, a representative of the sports management company Advantage International, does not underestimate the value of County Week. "It's a freak event, jointly funded by the LTA and the County Associations, who have different priorities," he said. "The LTA are trying to produce players good



Players at County Week in Eastbourne yesterday. "The event is about stamina and team spirit," said Jane FitzGibbon, the tournament director. Photograph: Peter Jay

enough for Wimbledon and the other major championships. The counties are trying to produce County Cup players. That's their incentive, and if the players turn out to be better than that, all well and good."

We all need to be reminded from time to time that there is more to sport than meets the eye of the entrepreneur's eye. The LTA, however, having been accused for decades of failing to keep pace with the modern professional game, might find it ironic to be nudged about its obligation to the sport as a recreation.

President Cass is well aware of County Week's status as "one of the cornerstones of British tennis". After all, his own County Cup career spanned 31 years.

Incidentally, when your correspondent met with Bloxham, the man was soaked, though not with perspiration. Water had been poured over him by one of the Surrey team as he was being interviewed by Meridian Television.

High spirits have always been part of County Week, although work commitments nowadays

necessitate journeys home as soon as possible. This often precludes the tradition of the victorious men's team marching to the lawn opposite the Grand Hotel and crowning the Duke of Devonshire's statue with a chamber pot.

Steffi Graf, whose father evaded taxes on millions of dollars of his earnings, has left the Roman Catholic Church to avoid church taxes, a radio report said Tuesday. German residents registered with a recognized church must pay a church tax equal to nine per cent of their income tax.

Mengin enjoys moment of glory as Riis suffers

Cycling
ROBIN NICHOLL
with the Tour de France

It hurts Richard Virenque to admit that he will not win this Tour de France, but he is already dreaming about next year.

Twelve years have passed since Bernard Hinault stood on the Paris podium in the yellow jersey that symbolises victory in the world's greatest race. The French pray for that elusive 37th triumph. Virenque is still their best chance, and he knows it.

"Next year I will be back with even greater hopes," the Casablanca-born rider said after finishing in the top three yesterday for the seventh time in eight stages. "Last year I had a great Tour, and finished third. This year I have improved a place. That's progress."

After eight gruelling days through the Pyrenees and the Alps he has done his utmost to make life uncomfortable for Jan Ullrich, the man in the yellow jersey. He has slugged out each Alpine stage with the German

but leaves the mountains behind today with a deficit of 6min 22sec, and the need to be patient for another year.

Ullrich was tucked safely in a group of 21 as Christophe Mengin had his moment of joy, the Frenchman winning the 16th stage into the Swiss town of Fribourg, but five kilometres from the finish. Bjarne Riis was in torment. He finished 6:12 after Mengin. "Go to hell," was his only, out of character comment, after a day the 1996 Tour winner will not forget easily.

There were claims that Riis was attending to a call of nature when the Tour took off on the Col de la Croix where Danish supporters were noisily prominent in a "hall house". They were not anticipating seeing their man lagging seven minutes off the pace set by Spain's Aitor Garcia and Stéphane Heulot, of France, on the 18km climb, the last severe test of the Tour.

Their escape ended 28 kilometres from the chequered flag, but Riis, who had toiled ceaselessly for his team-mate Ullrich, was losing the battle for

third place overall. He also had stomach trouble.

Marco Pantani's second success on Monday had enabled the Italian whipper to unseat Riis from third, but Pantani feared that he might lose it in Saturday's time trial. Riis's struggle yesterday inspired Pantani's Mercatone Uno team-mates and they drove hard to make it even worse for the Dane, who is now more than two minutes away from that coveted place on the Champs Elysees podium.

Ullrich, too, had a crisis on the Col de la Croix. "My legs were not so good but I managed to control the situation," was his explanation for falling back, momentarily, leaving Virenque without his "shadow".

Virenque, assured of the polka-dot jersey of best climber for a fourth year, placed third for a third time after three weeks, and a victory at Courchevel.

TOUR DE FRANCE 1997 Stage 16, 113.2 miles, Montreuil-Bellay to Fribourg. 1. C. Mengin (F) 6:12. 2. B. Riis (D) 6:28. 3. R. Virenque (F) 6:44. 4. A. Garcia (E) 6:54. 5. S. Heulot (F) 7:01. 6. J. Ullrich (D) 7:08. 7. C. Pantani (I) 7:15. 8. M. Pantani (I) 7:22. 9. J. Garcia (E) 7:29. 10. J. Astarloa (E) 7:36. 11. J. Garcia (E) 7:43. 12. J. Garcia (E) 7:50. 13. J. Garcia (E) 7:57. 14. J. Garcia (E) 8:04. 15. J. Garcia (E) 8:11. 16. J. Garcia (E) 8:18. 17. J. Garcia (E) 8:25. 18. J. Garcia (E) 8:32. 19. J. Garcia (E) 8:39. 20. J. Garcia (E) 8:46. 21. J. Garcia (E) 8:53. 22. J. Garcia (E) 9:00. 23. J. Garcia (E) 9:07. 24. J. Garcia (E) 9:14. 25. J. Garcia (E) 9:21. 26. J. Garcia (E) 9:28. 27. J. Garcia (E) 9:35. 28. J. Garcia (E) 9:42. 29. J. Garcia (E) 9:49. 30. J. Garcia (E) 9:56. 31. J. Garcia (E) 10:03. 32. J. Garcia (E) 10:10. 33. J. Garcia (E) 10:17. 34. J. Garcia (E) 10:24. 35. J. Garcia (E) 10:31. 36. J. Garcia (E) 10:38. 37. J. Garcia (E) 10:45. 38. J. Garcia (E) 10:52. 39. J. 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Famous footsteps

England's Dean Headley talks to Derek Pringle, page 22

sport

Essence of tennis

John Roberts on County Week at Eastbourne, page 23

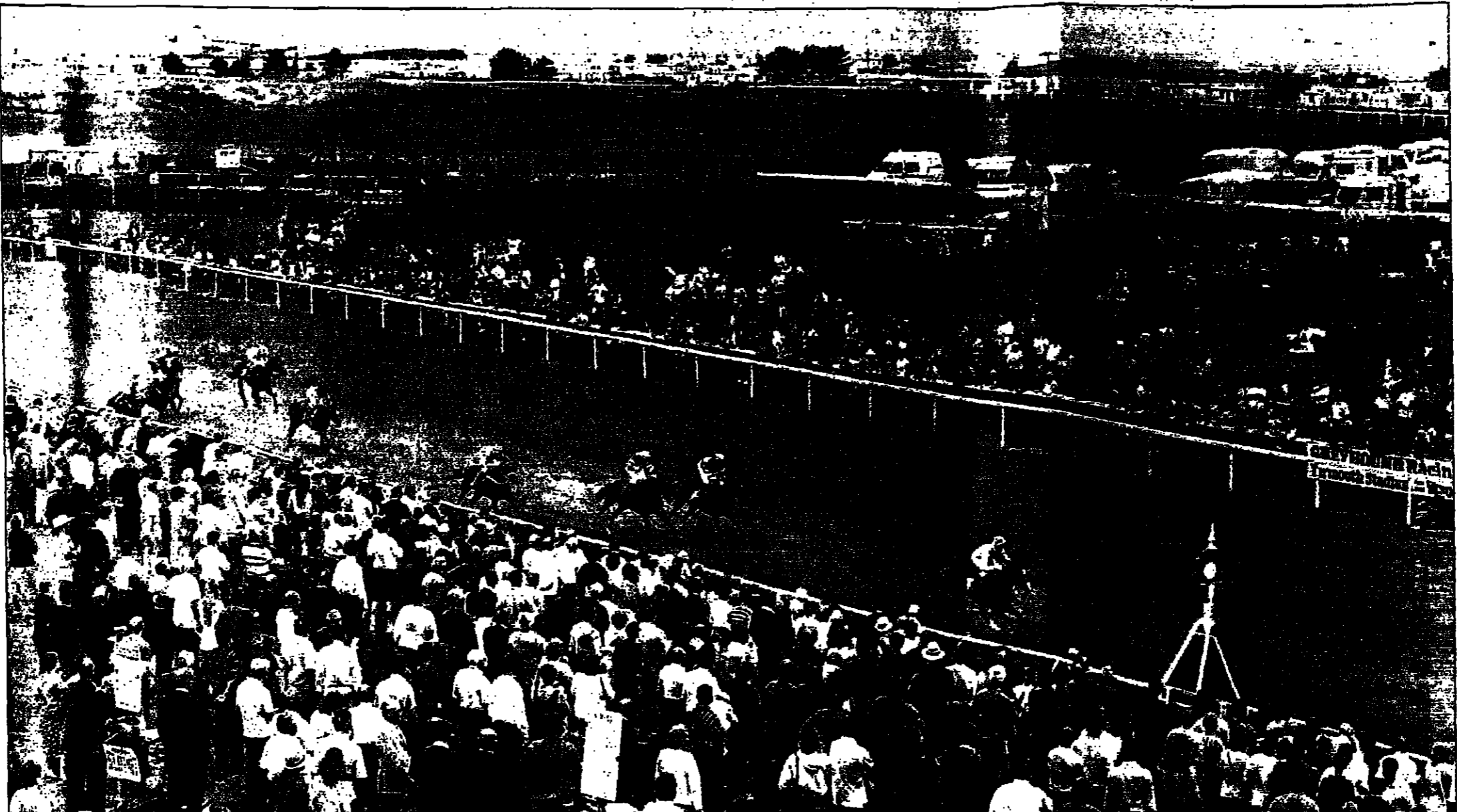
Holiday lure of bingo with legs

Greg Wood samples the special pleasures of racing by the seaside

Drive along Yarmouth sea-front and you can hear the callers in two dozen bingo booths, tempting the trippers with a new game every five minutes, but for a few hours yesterday afternoon, it would not have been difficult to find an empty seat. En masse, it seemed, the holidaymakers had discovered a diversion with a difference, better than the pleasure beach or the crazy golf, and it tempted them away by the thousand. It was still bingo, perhaps, but bingo with legs.

Separated from the North Sea by nothing more than a caravan site, Yarmouth is as close as the British ever get to racing on the beach, and an afternoon at the track yesterday certainly had all the traditional elements of an English summer's day at the seaside.

There was the stubborn, grey cloud cover, the fierce gusts of wind raising goose pimples on unprotected arms, and even, cynics might add, plenty of donkeys to keep people amused. But that would be unfair to a course which is flat, undemanding and less than two hours in a horsebox from



Surf and turf: The Honorable Lady strides home at Yarmouth yesterday but beyond the bouncy castle and the caravan site, the beach and the North Sea beckon

Photograph: Robert Hallam

Newmarket. Serious trainers like Henry Cecil and John Gosden are very fond of a day trip to the Norfolk coast, and any number of horses with a big future ahead of them have taken their first tentative steps onto a track here.

It is a trend which David Hanson, the clerk of the course, does his best to encourage, with plenty of maiden races for

the stars of tomorrow, but he is careful too to encourage the ever-changing customer base on his doorstep.

"What we've found is that people can only afford to come once to the races during their holiday," Hanson said, "so we split our days and have one-day meetings a week or two apart from July until the end of August. There's no dress-code

here, it's fun and relaxed. Lots of tins and bare legs."

Like any other British resort which can guarantee deckchairs and a walk on the pier but not, unfortunately, any sunshine, Yarmouth has seen a generation of holidaymakers tempted abroad over the last 20 years. "Of course, the numbers have dropped fantastically," Hanson said. "It's not that long

since there would regularly be crowds of 10,000 for a meeting like this." Yesterday, less than 3,500 passed through the gates, though in all but the tiny members' enclosure, where a handful of ageing locals had found a refuge from the tourists, it felt like many more.

It was the holiday buzz that did it. Spectators at a humdrum midweek meeting tend to be

people for whom racing is a way of life. Not so at Yarmouth, least of all in the Silver Ring, the cheapest enclosure, where the half-hourly passage of the horses was nothing more than a brief diversion from the serious business of taking it easy. The beach had come to the turf, with its squealing toddlers, the pensioners with their deckchairs turned defiantly to the

wind, and all the generations in between.

And from all areas too, as one glance at the enclosure confirmed. By their replica football shirts shall you know them, and they were not just from Wolverhampton and Coventry, but Cowdenbeath and Dundee too.

The easternmost point of the country it may be, but Yarmouth race course must

have the most cosmopolitan crowd going. Not the richest, maybe, as the small collection of bookies in the Silver Ring (minimum bet, £1) glumly confirmed, but then, since making money was not the point, they might just be the happiest crowd as well. Of that, the small track at the north end of a fading Norfolk tourist town can rightly be proud.

Ravanelli to stay at Middlesbrough

Deane to return to Blades

Football

NICK DUXBURY

Fabrizio Ravanelli yesterday returned to Middlesbrough to keep the pay cheques rolling in, but left his agent to do all the talking.

The 28-year-old Italian striker, who should have reported for pre-season training three weeks ago, was said to be happy to be back and looking forward to playing a large part in winning promotion for Middlesbrough back into the Premiership.

Reassuringly, Pagliara also said that the "White Feather" - weekly wage £42,000 - was "going to save Middlesbrough a lot of money", presumably

meaning that the club would not have to spend lavishly on a replacement for a player on whom Everton were prepared to spend £7.5m.

Three hours of discussions between Ravanelli, his agent, the club's chairman, Steve Gibson, and the manager, Bryan Robson, left Boro satisfied that they now have a player "fully committed" to the coming campaign in the First Division where he will play alongside new signing £4.5m Paul Merson.

In a statement Middlesbrough said: "Fabrizio Ravanelli has returned to Middlesbrough. He's looking forward to the start of next season and he is fully committed to Middlesbrough Football Club."

Ravanelli, who scored 31 goals for Boro last season and has three years left of his contract, believes his ambition to play in the World Cup with Italy will not be jeopardised by staying on Teesside. Concern for his international career with Brazil played a large part in Juninho's decision to leave the Riverside and join Atletico Madrid.

"Maldini [the Italian coach] chooses players not teams," Pagliara said. "He is more concerned with an individual's performance rather than who they play for. We all know Fabrizio can perform against the best players."

Paul Ince yesterday completed his £4.2m move from Internazionale and expects to be part of a title-winning Liverpool

side during the four years of his contract.

The 29-year-old England midfielder feels Liverpool, without a title in seven years, have under-achieved in recent seasons, and he is determined to put that right.

"I'd like to feel I am approaching my peak," he said. "Last year Liverpool should have won the championship. They need to dig out results. That's what I can do," he said. "Liverpool are a great club and it's another challenge. I've come to win things and that's why I am here."

Roy Evans believes that he has inherited a player who has got the Midas touch when it comes to honours. "His record speaks for itself at home, when

he was with Manchester United, in Italy and at international level," the Liverpool manager said. "He is not happy just coming to the club. He wants to add more trophies and is seeking to win the championship. He has great motivation and a great asset to Liverpool."

Ince is convinced that he is a better player for his two seasons in Italy and would have remained there, but for Liverpool's interest.

"Manchester United had first refusal," he said, "but I would have gone back to Inter Milan if Liverpool had fallen through."

Inter's rivals, Milan, look to have succeeded in persuading Leonardo to leave Paris St-Germain. A spokesman for the

French side said the Brazilian midfielder had agreed personal terms, although the Italians had yet to table a formal bid.

A £3.25m fee for the player has been set by PSG, who are expected to target another Brazilian, Edmilson, currently with Portuguese champions Porto, to replace Leonardo.

Celtic have made an approach to Southampton for Dutchman Ulrich Van Gobbel. Wim Jansen, the Celtic coach, has enquired about the 27-year-old defender, who joined Saints last season for a club record fee of £1.3m from Turkish club Galatasaray.

Jansen worked with Van Gobbel for three years while they were both at Feyenoord and has spoken to the Saints

chairman, Rupert Lowe. "I can confirm we have had an enquiry from Celtic about Ulrich Van Gobbel and there are a couple of other clubs also interested in him," Lowe said.

Van Gobbel followed the former Saints manager Graeme Souness from Turkey to The Dell but has failed to impress the new manager, Dave Jones.

Birmingham City have dropped their interest in the 23-year-old Norwegian striker Ole Martin Aarst.

The Brighton secretary, Derek Allan, has resigned from the Third Division club after two and a half years for personal reasons just two days before a Football League meeting which could expel Seagulls for late payment of a £500,000 bond.

Meanwhile the Blades will decide on a new manager soon with former Everton manager Roy Royle still a candidate to replace caretaker Nigel Spackman.

Sweden international Roland Nilsson is back in English football with Coventry after signing from part-timers Helsingborgs in a £200,000 deal. Nilsson, 33, formerly with Sheffield Wednesday, has signed a two-year contract.

Nilsson, who joins compatriot Magnus Hedman at Highfield Road, is still a regular at international level and has won 86 caps for his country.

The Turkish First Division club Bursaspor have sacked their coach, Gordon Milne. Fans and officials were angered by pre-season defeats and a failed attempt by the former Coventry manager to take over at his former club Besiktas.

United in hot pursuit of Chilean

ALAN NIXON

Alex Ferguson, the Manchester United manager, is looking to South America for a second time for the Chilean international centre-half, Dante Poli.

Ferguson has invited Poli, 21, to Old Trafford for talks this weekend and hopes to do a £2.4m deal with his club, the Santiago-based Universidad Catolica.

Poli starred for Chile in the Copa America last month and although he is not yet a regular for his country, there is no work permit problem as he has an Italian passport.

Ferguson can watch Poli train

but will not be able to field him in any friendlies until he has agreed a price with Universidad and terms with the player. Poli has also been a target for Rangers, who have signed his friend and old team-mate Sebastian Rozental.

Ferguson has already agreed a £3.5m move for Brazilian defender Celso Silva of Corinthians and is awaiting a work permit.

Fifa, world football's governing body, said yesterday that Ronaldo, at the centre of a controversial transfer from Barcelona to Internazionale, is free of any contractual obligations to the Spanish club.

Fifa authorised Italy's football federation to register the Brazil

striker provisionally with Inter. Ronaldo's move had been held up because the Spanish Football Federation refused to issue a transfer certificate.

The Spanish argued that a buy-out, or withdrawal clause, in his contract was valid only for domestic transfers.

Internazionale are refusing to play ball with fresh demands from Barcelona for transfer money for Ronaldo, after Fifa's insistence yesterday that extra cash may be needed on top of the £18m the Italians thought had secured the Brazilian's release from the Spanish club.

Fifa players' status committee chairman, Gerhard Mayer-Vorfelder, said the original fee

Inter paid to buy out Ronaldo's contract did not constitute a transfer fee. He said if the two clubs cannot come to an agreement by Thursday, 31 July, then Fifa will impose a fee.

Ian Wright will not face disciplinary action from the Football Association over his alleged verbal attack on a disabled assistant referee.

Richard Saunders claims that the Arsenal and England striker taunted him over his disability during a Coca-Cola Cup tie against Norwich at Highbury.

The incident happened nearly four years ago, but Saunders has decided to speak out now after passing the League's retirement age of 44.

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England may go for Smith's swing

Cricket

DAVID LLEWELLYN

England emerged from a couple of days of archery, clay pigeon shooting, an hour-long lecture from a former MP and world 800 metre record holder, Seb Coe, and some general squad bonding and got down to cricket again. One of the first things they did was to change the 12 from that which was at Old Trafford. For the third time Middlesex slow left-arm bowler Phil Tufnell was sent home - he was also 12th man at Lord's - and in came Mike Smith, England's leading wicket-taker.

And after a lengthy nets session at Headingley yesterday all the signs were that the Gloucestershire left-arm swing bowler, who has taken 55 wickets at 14.14, should win his first cap, probably at the expense of Somerset's Andrew Caddick, who has taken just 11 wickets for 329 runs in the Ashes series to date.

"I found out I was in the 12 last night," Smith, who was born just up the road from Headingley in Dewsbury, said. "I'm very pleased. It's important to have good memories of a ground and that is the case for me at Headingley. I had 10 wickets in a match here earlier this season, so I'll be happy here and even happier if it swings."

Smith also took four wickets against the Australians at Bristol, including the wicket of Mark Taylor off the fourth ball of the match. And even if Cad-

dick plays England are still not 100 per cent happy about Dean Headley's fitness and the Kent man's ability to withstand the rigours of a five-day Test.

Headley has been suffering from a side strain which he felt slightly in the third Test and then aggravated it in the Benson and Hedges Cup final 10 days ago.

He bowled eight overs in the Sunday League at the weekend with no ill-effects but the England management are taking no chances.

"Dean put in a terrific session today," said the England coach, David Lloyd. "He bowled for half an hour for real in the nets without stopping, and a further 20 minutes out in the middle. We will look at the reaction he shows tomorrow, then he will do the same things all over again

and we will then see what the reaction is on Thursday. At which point we will make our decision. But as of now Dean is fine."

What is certain is that the top six in the batting order will all carry on. "We will be looking for an all-round improvement in our game," Lloyd said. "I think we got what we deserved at Old Trafford, we didn't bowl or bat well."

If Smith plays it will also reduce the impact of the choice of wicket, since he is a swing bowler, it is atmospheric as opposed to terrestrial conditions which will dictate how well he does.

David Graveney, the chairman of selectors, explained the events that led to England's decision to reject the original first-choice pitch that was used

for the Texaco Trophy one day international in May.

"The pitches are prepared under the control of Harry Brind, the ECB [England Cricket Board] Inspector of Pitches. He liaises with the ground authorities leading up to a Test match. Given that weather conditions have not been normal, in Harry's opinion the grass had not grown back sufficiently and he felt that the reserve pitch which had been prepared was a better wicket and fitted the guidelines for first-class games: that is, a dry wicket with an even covering of grass."

Lloyd insisted that the England management have no real say in the choice of wicket. "They prepare it and we play on it," he said, clearly exasperated at all the furore the pitch switch has caused.

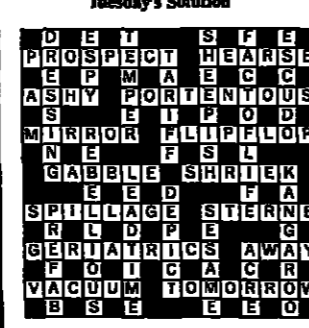
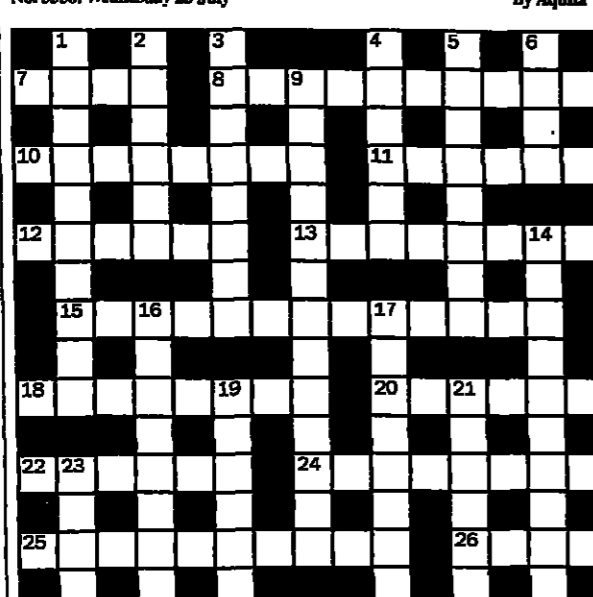
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THE INDEPENDENT CROSSWORD

No. 3368, Wednesday 23 July

By Aquila

Tuesday's Solution



ACROSS

- 7 Money taken from chapel funds (4)
- 8 Principles proven in the house, by wounding barbs? (4,6)
- 10 Sweetener corrupted penniless old clergy (8)
- 11 Far on new road in Can-berra, perhaps? (6)
- 12 Cafe serving 75% sor-bitol? (6)
- 13 Appearance of veins at surface need unpopular cuts (8)
- 15 Philanthropist booked to do anagrams I prepared (4,8)
- 18 Timetable for rail, these days - washout? (8)

DOWN

- 1 His grandsire may be heard in the tower (10)
- 2 Remnant of disappointing style (6)
- 3 These smokes produce carbon, damaging hoot-ers (8)
- 4 Prince Charlie was one, united in beginning (6)
- 5 Car on credit for a dictator (8)
- 6 Fish daily (4)
- 9 Town memorably turning out pies (6,7)
- 14 Verse line from writer gentle with better half (10)
- 16 Reserving bidding (8)
- 17 Met Reading painter in decline (8)
- 19 Baronet supporting small house in island capital (6)
- 21 Insect, I wager, crawls about in eaves (6)
- 23 Most of rent goes over bar (4)

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